



CHENG SHIN RUBBER IND. CO., LTD.

Stock Code:2105

Annual Report 2021



Published February 28, 2022

Official TWSE report online: <http://mops.twse.com.tw/>

Official company website: <http://www.cst.com.tw>

(I) Company Spokesman and Acting Spokesperson

Spokesman	Acting Spokesperson
Name: Lo, Yung-Li	Name: Liao, Cheng-Yao
Title: Vice President, Financial Department	Title: Vice President, Domestic Sales Department
Tel: (04)8525151-60	Tel: (04)8525151-60
E-mail: yllo@tw.maxxis.com	E-mail: cyliao@tw.maxxis.com

(II) Address and Telephone of Headquarters, Branches, and Plants:

Company name	Address	Tel
Headquarters	No.215, Meigang Rd., Dacun Township, Changhua County 51545, Taiwan (R.O.C.)	(04)8525151-60
2nd Plant	No.199, Sec. 1, Zhongshan Rd., Dacun Township, Changhua County 51545, Taiwan (R.O.C.)	(04)8520133
3rd Plant	No.146, Sec. 2, Zhongshan Rd., Dacun Township, Changhua County 51542, Taiwan (R.O.C.)	(04)8524146
Zhong Zhuang Plant	No.38, Sec. 1, Zhongshan Rd., Huatan Township, Changhua County 50343, Taiwan (R.O.C.)	(04)7863779
Xizhou Plant	No.602, Sec. 2, Zhongshan Rd., Xizhou Township, Changhua County 52445, Taiwan (R.O.C.)	(04)8893211-2
Douliu Plant	No.1, Kejia 2nd Rd., Douliu City, Yunlin County 64057, Taiwan (R.O.C.)	(05)5529100
Taipei Office	No. 50, Section 1, Xincheng South Road, Taipei City (8F, Taipei World Trade Center)	(02)23937451-5

(III) Stock Transfer Handling Agency

Name: Stock Transfer Agency Unit, Yuanta Securities Co., Ltd.
Address: B1, No.210, Sec. 3, Chengde Rd., Datong District, Taipei City
Tel (02)2586-5859
Website: <http://www.yuanta.com.tw>

(IV) Contact Information of the CPAs for the Latest Financial Statements

Name of the CPA Firm: PricewaterhouseCoopers, Taiwan
Name of CPAs: Wu, Yu-Long & Chou, Chien-Hung
Address 27F, 333 Keelung Rd., Sec. 1, Songshan District, Taipei City
Tel (02)2729-6666
Website: <http://www.pwc.tw>

(V) Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: N/A**(VI) Company Website: <http://www.cst.com.tw>**

Contents

Chapter 1. Letter to Shareholders.....	1
I. 2021 Business Report.....	1
II. Highlights of Operating Plan for 2022.....	3
III. Future Development Strategy of the Company.....	5
IV. Impacts from External Competition and Overall Operating Environment.....	5
V. Impacts from Legal and Regulatory Environment.....	6
Chapter 2. Company Profile.....	7
I. Date of Establishment of the Company.....	7
II. Company History.....	7
Chapter 3. Corporate Governance Report.....	14
I. Organizational Structure.....	14
II. Information about Directors, Independent Directors, General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches.....	16
III. Remuneration of Directors (including Independent Directors), General Managers, and Deputy General Managers.....	28
IV. Corporate Governance of the Company.....	34
V. CPA Service Fee Information.....	87
VI. Information on Changes of CPA: Reason for Change.....	88
VII. Disclosure of any of the Company's Chairman, General Manager, General Manager, Manager in charge of financial or accounting affairs who has held a position at the Company's independent certified public accounting firm or its affiliates within the last year....	89
VIII. Transfer or Pledge of Shares by Directors, Managers, and Shareholders who hold 10% of the Company's shares or more during the current fiscal year and as of the date of the Annual Report.....	89
IX. Information of the Top Ten Largest Shareholders who are Related Parties or have a Spousal or Familiar Relationship within the Second Degree of Kinship.....	93
X. The number of shares held by the Company, directors, supervisors, managers, and entities directly or indirectly controlled by the Company in the reinvestment business as well as the consolidated shareholding ratio.....	95
Chapter 4. Financing.....	96
I. Recordable items in capital and share.....	96
II. Issuance of corporate bonds.....	102
III. Issuance of preferred shares.....	103
IV. Issuance of overseas depository receipts.....	103
V. Issuance of stock subscription warrants to employees and restriction on employee right to obtain new shares.....	103
VI. Issuance of new shares in connection with the merger or acquisition of other companies.....	103

VII. Recordable items of the implementation status of capital utilization plan	103
Chapter 5. Operation Overview	106
I. Business contents	106
II. Market, Production and Sales Overview.....	110
III. Analysis of the employees in the most recent two years	120
IV. Environmental Protection Expenditures	120
V. Labor relations	121
VI. Information and communications security management:	126
VII.Important Contracts	128
Chapter 6. Financial overview	129
I. Condensed balance sheet and income statement of the most recent five years	129
II. Financial Analyses over the Past 5 Years	133
III. Audit Report for the Financial Statements of the most recent years by Audit Committee	136
IV. Consolidated Financial Statements certified by the CPAs of the Most Recent Year	137
V. Parent Company Only Financial Statements certified by the CPAs of the Most Recent Year	222
VI. Facts regarding the Company and its affiliated enterprises that have suffered financial turnover difficulties in recent year up to the date of publication of the Annual Report.	314
Chapter 7. Review and Analysis of Financial Position and Operating Results and Risk Management	315
I. Comparative Analysis of Financial Position.....	315
II. Financial Performance Review and Analysis	316
III. Review and Analysis of Cash flow	317
IV. Impact of major capital expenditure on financial operations in recent years.....	317
V. Reinvestment policy over the latest year and major reasons for profit or loss; plan for improvement and investment plan for the coming year	318
VI. Risk Analysis and Evaluation	318
VII. Other Important Issues	329
Chapter 8. Other Specially Recorded Issues	330
I. Related Information on Affiliates	330
II. The Company's shares held or disposed of by subsidiaries in the most recent years as of the publication date of the Annual Report	341
III. Subsidiary's holding or disposal of shares in the Company in most recent years and up to the date of publication of the Annual Report.....	341
IV. Other Necessary Supplementary Statement	341
V. Any event occurred in the most recent years as of the publication date of the report which has material impact on shareholders' rights and interests or the price of securities against Item 3 of Paragraph 2 under Article 36 of the Securities and Exchange Act	341

Chapter 1. Letter to Shareholders

Impacts from Covid-19 continued to be severe in 2021, and the Covid variants spread rapidly throughout the world, leading to a new wave of challenges worldwide. On top of labor shortages, supply chain disruptions, and inflations in raw materials and sea freight prices that resulted from the pandemic, the world economy was also continuously affected by rising inflation. The automotive industry was particularly affected; the shortage in integrated circuit (IC) chips led to the gradual downsizing from auto assembly plants, while new car sales plummeted. The production constraints had caused the overall industry to decline. In the midst of such a challenging environment, Cheng Shin continues to adopt a customer-oriented approach and to achieve adequate capacity to satisfy customer needs. In addition, we strive to develop new business opportunities and to increase the added-value of our products in order to maintain both revenue and profit growth.

Founded on our core value for “Integrity & Innovation”, Cheng Shin upholds the corporate culture of “100% Quality, 100% Service, and 100% Reliance” and places great emphasis on safety first. We continue to develop our core business and to continuously improve, and we currently market to over 180 countries around the world, where our product quality and functionalities have received numerous international accolades. Cheng Shin is not only a designated tire supplier to various auto assembly companies and various racing events, but also a champion from surveys and evaluations from authoritative magazines and a beloved brand to the consumers. Cheng Shin has been nominated as a constituent stock in the FTSE4Good TIP Taiwan ESG Index for four consecutive years, which is a positive recognition of our performances in implementing corporate governance, social, and environmental protection. We are well aware of the importance of sustainable development, and we will continue to move forward and to build an environment for sustainable development.

We appreciate all shareholders, customers, and colleagues for your support and trust, and we hope to maintain long-term, sustainable partnership with everyone. Together, we can create even better performance and value!

I. 2021 Business Report

(I) Implementation and Results of the business plan

1. Production and sales:

Unit: Thousand tires, %

Core Products \ Year	Production in 2021	Sales in 2021	Sales in 2020	Percentage of increase/decrease
PCR	33,753	33,165	35,594	-6.82%
TBR	3,865	3,849	4,415	-12.82%
MC	45,651	44,432	40,035	10.98%
BC	95,092	94,796	86,773	9.25%
TUBE	147,117	145,281	132,381	9.74%
OTHER TIRES	23,447	23,166	19,991	15.88%

2. Operation Summary

IFRS Consolidated:

Unit:NT\$ thousand; %

Item	Year	2021	2020	Percentage of increase (decrease)
Net Sales		101,536,961	96,209,056	5.54%
Cost of Goods Sold		79,149,642	72,220,406	9.59%
Operating Expenses		14,733,508	15,391,925	-4.28%
Operating Profit		7,653,811	8,596,725	-10.97%
Net Profit		5,294,850	6,001,203	-11.77%

IFRS Individual:

Unit: NT\$ thousand; %

Item	Year	2021	2020	Percentage of increase (decrease)
Net Sales		20,707,983	18,926,294	9.41%
Cost of Goods Sold		15,190,338	14,228,603	6.76%
Operating Expenses		3,378,430	3,605,410	-6.30%
Operating Profit		2,171,864	953,296	127.83%
Net Profit		5,270,007	5,988,702	-12.00%

(II) Budget Execution Status

In 2021, the Company realized an actual operating revenue of NT\$101.5 billion, fulfilling 88% of the objective.

(III) Analysis of Financial Income and Expenditure and Profitability

IFRS Consolidated:

Unit: NT\$ thousand; %

Item	Year	2021	2020	Percentage of increase (decrease)	
Income Statement	Sales Revenue	101,536,961	96,209,056	5.54%	
	Gross Profit	22,387,319	23,988,650	-6.68%	
	Net Profit	5,294,850	6,001,203	-11.77%	
Profitability	Return on Assets (ROA) (%)	3.80	4.33	-12.24%	
	Return on Equity (ROE) (%)	6.52	7.55	-13.64%	
	As a % of Paid-in Capital	Operating Profit	23.61	26.52	-10.97%
		Pre-tax Profit	22.08	25.16	-12.24%
	Net Profit Margin (%)	5.21	6.24	-16.51%	
	Earnings Per Share (NT\$)	1.63	1.85	-11.89%	

IFRS Individual:

Unit: NT\$ thousand; %

Item	Year	2021	2020	Percentage of increase (decrease)	
Income Statement	Sales Revenue	20,707,983	18,926,294	9.41%	
	Gross Profit	5,517,645	4,697,691	17.45%	
	Net Profit	5,270,007	5,988,702	-12.00%	
Profitability	Return on Assets (ROA) (%)	4.71	5.44	-13.42%	
	Return on Equity (ROE) (%)	6.53	7.59	-13.97%	
	As a % of Paid-in Capital	Operating Profit	6.70	2.94	127.89%
		Pre-tax Profit	19.46	20.81	-6.49%
	Net Profit Margin (%)	25.45	31.64	-19.56%	
	Earnings Per Share (NT\$)	1.63	1.85	-11.89%	

(IV) Research and Development Status

- Thailand & North America Spare Tire New Product Development
- Development of motorcycle tires - high performance product series
- MCR Sport Touring Product Development
- MTB Down Country Tire
- BC Cargo Tire
- Development of new ATV RT Product
- 4X4 Highway Terrain Product Development
- Grand Touring A/S Product Development
- LTR S/M Product Development
- NA FORD Ground-spare Product Development
- Development of New Truck Driver Axle Tire
- Development of New Low Floor Truck Steer Axle Tire
- Development of New LTS All Position Tire

II. Highlights of Operating Plan for 2022

(I) Operating Policy

Promote the core value of Cheng Shin's culture - "Integrity & Innovation", "Honorable Brand", and "Safety First". Set goals from a customer-oriented perspective to effectively lead and focus on business executions. We will integrate objectives of human, machinery, material, process, quality, and other factors with SAP (speed, accountability, and performance) and avoid the waste due to the 3D (idle human, idle affair, and idle material) while implementing energy conservation and carbon reductions. In addition, we will develop a self-disciplinary team, forge the growth engine of the Company in an ethical and accountable, systemic manner and achieve the operating objectives.

- Expand new sales channels and save costs, enhance products' added values while focusing on both revenue and profit growth.
- Actively uncover problems and propose responses to implement the philosophy of "Three One Hundred Percent"
- Safety First, ESG-oriented, Committed to Environmental Protection and Energy Conservation & Strengthening Business Management

(II) Sales Volume Forecast and Basis

Below is the sales forecast of the Company for 2022:

Consolidated:

Unit: Unit: Thousand tires

Item	Year	Estimated Quantity in 2022
		Quantity of Sale
PCR		32,407
TBR		4,492
MC		81,440
BC		80,034
TUBE		120,469
OTHER TIRES		27,081
Total		345,923

Individual:

Unit: Unit: Thousand tires

Item	Year	Estimated Quantity in 2022
		Quantity of Sale
PCR		4,106
TBR		235
MC		5,939
BC		10,254
TUBE		6,388
OTHER TIRES		5,667
Total		32,589

Based on the assessment result announced at the sales meeting (January 20, 2022) of the Company.

(III) Key Production and Distribution Policy

With the pursuit of “Customer Satisfaction, Quality First”, the Company advocates the simplification of production to reduce the complexity in produce designs and processes, and always comply with all relevant standard operating procedures to enhance capacity utilization rate, allowing us to produce at full capacity and reduce costs. As to sales, the Company follows the concept of customer orientation and establishes a lifelong partnership with customers. The Company quickly responds to market changes, and we are committed to satisfying customer needs to achieve continuous revenue growth.

Finally, Cheng Shin practices the core value and the corporate culture with the core of “Three One Hundred Percent”. Cherishing a heart of respect, care, and gratitude, all

partners of Cheng Shin identify with and cherish the Maxxis brand and continue to seek for sustainable, mutually-beneficial growth.

III. Future Development Strategy of the Company

Cheng Shin holds fast to the belief of the Founder & Chairman Luo, Jye when he started the business. Honesty and integrity are the most fundamental and most important concepts of the Company and also represent the supreme guiding principle that the Company has observed without change on the way to pursue a sustainable operation. In addition, we will also pursue the vision of a sustainable development oriented to three elements, including economy, environment, and society, with the center of the Maxxis Family and the foundation of safety first.

1. Implementing corporate governance: We will hold fast to the philosophy of Integrity & Innovation, focus on the principal operation to embrace new opportunities and practice the corporate culture of honesty, integrity, and continuous innovation as one of the critical factors staking sustainable and sound development of the Company. Moreover, we will also urge related members of the Company to follow the good tradition of honesty and integrity and should the principal operation when they perform duties.
2. Developing a sustainable environment: Actively respond to the tide of environmental protection, develop and design “green and environment-friendly tires” and pursue “Safety, Oil Economy, Quietness and Environmental Performance”. Additionally, the Company has strived to realize energy saving and carbon emission reduction in the workshop and manufacturing process to contribute our wisdom and force to the earth's environment.
3. Safeguarding employees’ rights: We have built a learning environment with heart and enhanced the concept of corporate ethics among employees.
4. Engaging in social philanthropy: We are dedicated to enhancing the social responsibility performance with our suppliers, and realizing the harmonious co-prosperity with the society.

IV. Impacts from External Competition and Overall Operating Environment

In 2021, the Novel Coronavirus Pneumonia (COVID-19) pandemic tended to be alleviated and regional demands recovered and rebounded. However, problems including the reduced cargo voyages from global shipping companies, labor shortage, harbor congestions, and a serious deficiency of containers and shipping spaces, have led to disruptions in the global supply chain and consequently caused an abrupt rise of the export freight. To deal with such challenges, Cheng Shin partnered with suppliers and customers to form mutually-beneficial strategies based on past partnership experiences, thereby enhancing the scale and sales volume of our Group in spite of adversities. Cheng Shin has been closely monitoring the fluctuations of market supply and demand and keeping in touch with each regional distributor for the latest market information to timely announce the price adjustment. At the same time, Cheng Shin also

continued the process of integrating new and previous products and replacing the product portfolio with products of high added value to adapt to the ever-increasing market needs and the ever-changing severe challenges we face at the current time.

Facing the operational environment in 2022 and the next 3 to 5 years, we envisage even more drastic changes, therefore we must promptly strengthen our ability to adapt, our core capabilities, and our competitiveness. Only by possessing world-class capabilities and competitiveness will we be able to adapt to the complicated and highly changeable market from now on. Therefore, in the future we will take advantage of our capabilities in technology, sales and distribution, manufacturing and management to build our core operations, to achieve globalization, and to enhance the regional sales and technical support so that the global headquarters can work closely with different regions and utilize local manufacturing to strengthen ties.

V. Impacts from Legal and Regulatory Environment

Tires are the key safety features of all types of vehicles, and, therefore, the regulations in each country provide clear and strict rules regarding tire standards, specifications and requirements applicable to tire products. In distribution and marketing, tire manufacturers are also required to comply with relevant laws and regulations and are prohibited from engaging in activities in violation of competition and marketing laws.

Increasingly rigorous environmental regulations and standards, including: Air Pollution Control Act and water pollution charges and more, which will lead to additional business operating costs. While focusing on our core business value and developing new products, we also dedicate our efforts to environmental protection and research of green products. Our products have obtained the certifications required by the European Union and our customers and complied with the Restriction of Hazardous Substances Directive (RoHS) to ensure that our products would not cause lasting damage on the environment. We have also made great strides in our product development with increasing technical cooperation with multiple raw material suppliers, including Degussa and ExxonMobil. With the evolving of times and technology, we have included "durability and fuel efficiency", "safety and comfort" and "low rolling resistance" as the main features of our products to reduce carbon emissions from vehicles.

Finally, Cheng Shin practices the core value and the corporate culture with the core of "Three One Hundred Percent". Cherishing a heart of respect, care, and thanksgiving, Cheng Shin will invite all people to recognize and join the work to build the Maxxis brand and become a member of the Maxxis family.

Cheng Shin Rubber Industry Co., Ltd.



Chairman: Chen, Yun-Hwa



Chapter 2. Company Profile

I. Date of Establishment of the Company: January 1, 1967

II. Company History

1967	The Company was established as a limited liability company with 178 employees and NT\$6,000,000 in capital, specializing in the production of motorcycle and bicycle tires. All products were approved by the Bureau of Standards, Metrology and Inspection (BSMI) under the Ministry of Economic Affairs to use the CNSⓈ symbol.
1969	The Company became a company limited by shares on December 19, and began the collaboration of technology and business with a Japanese corporation, Kyowa Ltd. The capital of the Company was increased to NT\$24,000,000, and the export business was expanded.
1971	Our product quality was approved by the US Department of Transportation to use the DOT symbol. The Company also developed an excellent reputation in the overseas markets. Employees increased to 600.
1972	Factory construction was completed at the current site at the time, and officially became part of the production process. The sales of the products went from domestic-oriented to export-oriented.
1973	The Company began planning and acquiring technical knowledge and adding equipment to manufacture automobile tires.
1974	The Company was awarded as the number one rubber exporter in the industry. The capital of the Company was increased to NT\$120,000,000. The Company began manufacturing and selling truck tires in June.
1975	The Company implemented strict product quality control, and purchased the latest equipment for quality control. The office in Los Angeles, USA was set up. Employees increased to 1,200.
1976	The Company, in accordance with new CNS standards, obtained further approval from BSMI to use the Ⓢ symbol for the outer tires of large trucks, small trucks, transport cars, agriculture vehicles, and motorcycles.
1977	The Taipei office, responsible for export business, was established in the Taipei World Trade Building. The capital of the Company was increased to NT\$220,000,000.
1980	The factory was awarded a product quality A rating by the Ministry of Economic Affairs. The capital of the Company was increased to NT\$420,000,000, and employees of the Company were increased to 2,200.
1981	The Zhong Zhuang Plant was completed, which specializes in the production of high quality bicycle tires. The capital of the Company increased to NT\$583,800,000.
1982	The Company signed a technical cooperation agreement with Toyo Tire & Rubber Co., Ltd., and established a factory for the latest radial tires for passenger cars. The capital of the Company increased to NT\$720,000,000.

1983	Total domestic and export sales reached NT\$2,708,000,000. The Company was awarded number one in the tire industry in Taiwan. Full efforts were made to research and develop passenger car radial tires. The capital of the Company increased to NT\$828,000,000.
1984	The Company received the Japanese government's approval to sue the Japanese Industrial Standard Symbol for bicycle and motorcycle tires and tubes. The Company began producing and marketing passenger car radial tires and expanded its export market. The capital of the Company increased to NT\$910,800,000. The total domestic and export sales turnover was NT\$2,890,000,000.
1986	Total domestic and export sales turnover of the Company reached NT\$3,770,000,000. The bicycle tire sales volume reached 20,000,000 pcs. The Company invested in new mixing machines in order to increase production.
1987	The Xi Zhou Plant was built and scheduled to produce bicycle tires. The capital of the Company reached NT\$1,332,045,000. The Company and Toyo Rubber Co., Ltd. established Yang Industrial Co., Ltd. jointly to co-produce shock-proof rubber auto parts. The automobile tires and inner tubes, tires for industrial vehicles, and farming machinery manufactured by the Company received the Japanese Industrial Standards Symbol. The Company was listed on the Taiwan Stock Exchange on December 7.
1988	The Xi Zhou Plant officially began production of bicycle tires. The Company's Main Plant added radial tire production capacity. The capital of the Company increased to NT\$1,625,094,900. The Company and Kyowa Ltd jointly established a tire sales corporation in Osaka to expand output in Japan. The Company also invested in domestic Pacific Securities Co., Ltd. to diversify investment avenues.
1989	The Main Plant continued to expand facilities for the production of radial tire. The capital of the Company increased to NT\$2,031,368,630. The Company invested in the establishment of Cheng Shin Rubber (Hong Kong) Limited.
1990	The Company's sales turnover exceeded NT\$5,100,000,000. The paid-in capital increased to NT\$2,437,640,000. The Company invested in the establishment of Cheng Shin Rubber USA, Inc. and San Yueh Textile Company.
1991	Cheng Shin Germany was established in March. On September 16, Cheng Shin Germany relocated to the Netherlands and was renamed Cheng Shin Rubber (Europe) Ltd. in order to expand trade in Europe. The paid-in capital of the Company increased to NT\$2,632,653,750. On October 17, the Ministry of Economic Affairs approved that the Company may increase its capital by US\$20,000,000 through Cheng Shin Rubber Company (Hong Kong) Limited, and indirectly invest in the establishing of Xiamen Cheng Shin Rubber Industry Co., Ltd.
1992	The sales turnover exceeded NT\$6,000,000,000. The paid-in capital of the Company increased to NT\$3,159,184,500. The Company was active in the production of radial tire expansion plan. General Manager Chen, Yun-Hwa came onboard on August 1. The business license of Cheng Shin Rubber (Europe) Limited was revoked.

1993	Paid-in capital increased to NT\$3,633,062,180. Automated storage was completed and in use in July. The radial tire expansion plan was completed and began testing and production. CST Trading Ltd. was approved by the Investment Commission and established in November to indirectly invest in mainland China to set up Cheng Shin Tire & Rubber (China) Co., Ltd. We received the international standard quality assurance system ISO 9001 certification in December as the first company in the tire industry to obtain this qualification in the Republic of China.
1994	Paid-in capital increased to NT\$4,214,352,130. In August, the Investment Commission approved the US\$15,000,000 investment in the capital increase of Cheng Shin Rubber (Xiamen) Ind. Ltd. The Ford F1 Quality Certification was awarded to the Company in November.
1995	Paid-in capital increased to NT\$5,015,079,030. The Investment Commission approved the US\$30,000,000 investment for increasing equity capital of Cheng Shin Rubber (China) Co., Ltd in April.
1996	Paid-in capital increased to NT\$5,515,079,000. In January, Toyo Rubber Co., Ltd. invested in Cheng Shin Rubber (China) Co., Ltd., to enable capital increase to US\$72,000,000, accounted for 30% of the equities. In August, the Investment Commission approved the US\$2,500,000 investment for the establishment of Cheng Shin-Toyo (Kunshan) Machinery Co., Ltd. with a capital of US\$5,000,000 which was jointly invested with Toyo Tire & Rubber Co., Ltd.; the Company's investment accounted for 50% of the equities. The second phase of Cheng Shin Rubber (Xiamen) Ind. Ltd. was completed and formally entered into production.
1997	Paid-in capital increased to NT\$6,068,245,620. On May 29. the QS9000 quality certification was obtained. The Cheng Shin Tire & Rubber (China) Co., Ltd. factory construction was completed and formally began production in July. Investment Commission approval was obtained in July to establish Maxxis International Co., Ltd. in the Cayman Islands to indirectly invest in Cheng Shin Rubber (Xiamen) Ind. Ltd.
1998	Paid-in capital increased to NT\$6,796,435,090. In October, the Investment Commission approved an indirect investment via its subsidiary, MAXXIS International Co., Ltd. in Tianjin Tafeng Rubber Ind. Co., Ltd.; the capital of which is US\$12,000,000. On October 20, the Company's Xizhou Plant was awarded as a first class distinguished plant under Japan's Total Productive Maintenance (TPM).
1999	Paid-in capital increased to NT\$747607860. In November, a US technology center was set up by the US subsidiary.
2000	Paid-in capital increased to NT\$7,849,882,530. The Company won the ROC National Quality Award in October. In November, the Company received the National Industrial Waste Reduction Award from the Industrial Development Bureau, Ministry of Economic Affairs. In December, the Company was awarded the group gold medal by the ROC Proposal Association.

2001	Paid-in capital increased to NT\$8,360,124,890. The Xizhou Plant was awarded as the first class distinguished plant under Japan's Total Productive Maintenance (TPM).
2002	The Investment Commission approved an indirect investment in the capital increase of Cheng Shin Rubber (China) Co., Ltd. in the amount of US\$20,000,000 via the Company's subsidiary; CST Trading Ltd. MAXXIS tires won the Forbes Magazine 2002 Global Award for enterprise excellence. The Company's capital increased to NT\$8,861,732,380. On November 1, the Investment Commission approved the establishment of Cheng Shin Tire (Xiamen) Co., Ltd. through indirect investment in Xiamen Cheng Shin Swallow Tire Co., Ltd., and on December 31, approved the investment in establishing a new company, Maxxis International (Thailand) Co., Ltd.
2003	On March 6, Maxxis International (Thailand) Co., Ltd. officially started the construction of its plant. On September 23, the Company's MAXXIS brand was awarded by the Ministry of Economic Affairs and the international brand consultancy firm (INTERBRAND GROUP) as one of Taiwan's top twenty international brands, ranked fifth; the brand value was estimated at US\$256 million. In addition, the capital of the Company increased to NT\$9,570,670,970 by the end of 2003.
2004	Xiamen Cheng Shin Swallow Tire and Thailand Cheng Shin (MIT) completed the plants, which entered the trial run stage. On October 4, the Company's MAXXIS brand won the 2004 Taiwan top twenty international brands, which was ranked sixth with a brand value of US\$264 million. Furthermore, the Company's paid-in capital increased to NT\$10,489,455,380.
2005	Maxxis International (Thailand) Co., Ltd. completed its first phase of all-round production, with daily production of 6,000 passenger car tires. Cheng Shin Tire (Xiamen) Co., Ltd.'s daily production was 700 all-steel radial tires. The European technology center was established. The Company's MAXXIS brand continued to be in Taiwan's top twenty international brands in 2005, with a brand value of US\$264 million. In addition, the Company's paid-in capital increased to NT\$11,381,059,080.
2006	Taiwan Cheng Shin R&D center was completed and soon opened for operations. Maxxis International (Thailand) Co., Ltd. and the expansion of production capacity of Cheng Shin Tire (Xiamen) Co., Ltd. were completed. Cheng Shin Rubber (Vietnam) Ind. Co., Ltd. began construction. The MAXXIS brand was once again awarded as Taiwan's Top Twenty International Brand in 2006, with a brand value of US\$271 million. The company's paid-in capital increased to NT\$12,177,733,220.
2006	The first phase of construction of Cheng Shin Rubber (Vietnam) Ind. Co., Ltd.'s factory was completed, and started trial production in March, which was projected to formally begin production in August. XiaMen Cheng Shin Enterprise Co., Ltd. began production in January. The Company's MAXXIS brand continued to be awarded as Taiwan's top twenty international brands in 2017, with a brand value of US\$309 million. The Company's paid-in capital increased to NT\$13,030,174,540.

2008	Construction of Plant B of Maxxis International (Thailand) Co., Ltd.; upgrade of production capacity of Cheng Shin Tire & Rubber (China) Co., Ltd. and Cheng Shin Tire (Xiamen) Co., Ltd.; Cheng Shin Rubber (Vietnam) Ind. Co., Ltd. was all-round operational. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2008, with a brand value of US\$346 million. The Company's paid-in capital increased to NT\$14,984,700,720.
2009	Maxxis International (Thailand) Co., Ltd. completed the first phase of the construction of its Plant B and started trial production in March, and formally began production in May. On November 13, the Investment Commission approved an indirect investment of US\$20,000,000 to establish Cheng Shin (Xiamen) International Automobile Cultural Center Co., Ltd. via MAXXIS International Co., Ltd. On December 16, the Investment Commission approved the acquisition by the Company's subsidiary of 22.36% of the equity interest in Cheng Shin Rubber (China) Co., Ltd. (which was held by Toyo Tire & Rubber Co., Ltd.). The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2009, with a brand value of US\$345 million. The Company's paid-in capital increased to NT\$16,483,170,790.
2010	On April 16, the Investment Commission approved the Company to indirectly invest US\$30,000,000 in the capital increase of Cheng Shin Rubber (Xiamen) Ind. Ltd. via subsidiary MAXXIS International Co., Ltd. On April 23, the Investment Commission approved an investment of US\$30,000,000 via the Company's subsidiary CST Trading Limited to establish Cheng Shin Rubber (Chong Qing) Co., Ltd., which began construction in June. In October, the Douliu Plant and Xiamen Jimei plant began construction. On November 30, the Investment Commission approved the Company to participate in the capital increase of Cheng Shin Rubber (Xiamen) Ind. Ltd. via subsidiary, MAXXIS International Co., Ltd. in the amount of US\$45,000,000. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2010, with a brand value of US\$391 million. The Company's paid-in capital increased to NT\$20,603,963,490.
2011	On February 17, the Board of Directors approved an investment in the amount of US\$50,000,000 via the subsidiary Cheng Shin Rubber (China) Co., Ltd. to participate in the capital increase of Cheng Shin Rubber (Chong Qing) Co., Ltd. On August 11, the Investment Commission approved the Company's investment of US\$18,000,000 in the capital increase of the Cheng Shin Tire (Xiamen) Co., Ltd. via subsidiary, MAXXIS International Co., Ltd. On July 19, the Board of Directors approved the establishment of the Remuneration Committee of the Company. On October 20, the Investment Commission approved the Company's indirect investment in the amount of RMB17,000,000 in CST Rubber (Zhangzhou) Ind. Co., Ltd. via subsidiary MAXXIS International (HK) Ltd. On December 6, the Board of Directors approved a capital increase of US\$15,000,000 in Cheng Shin Rubber (Vietnam) Ind. Co., Ltd. via subsidiary MAXXIS Trading Ltd. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2011,

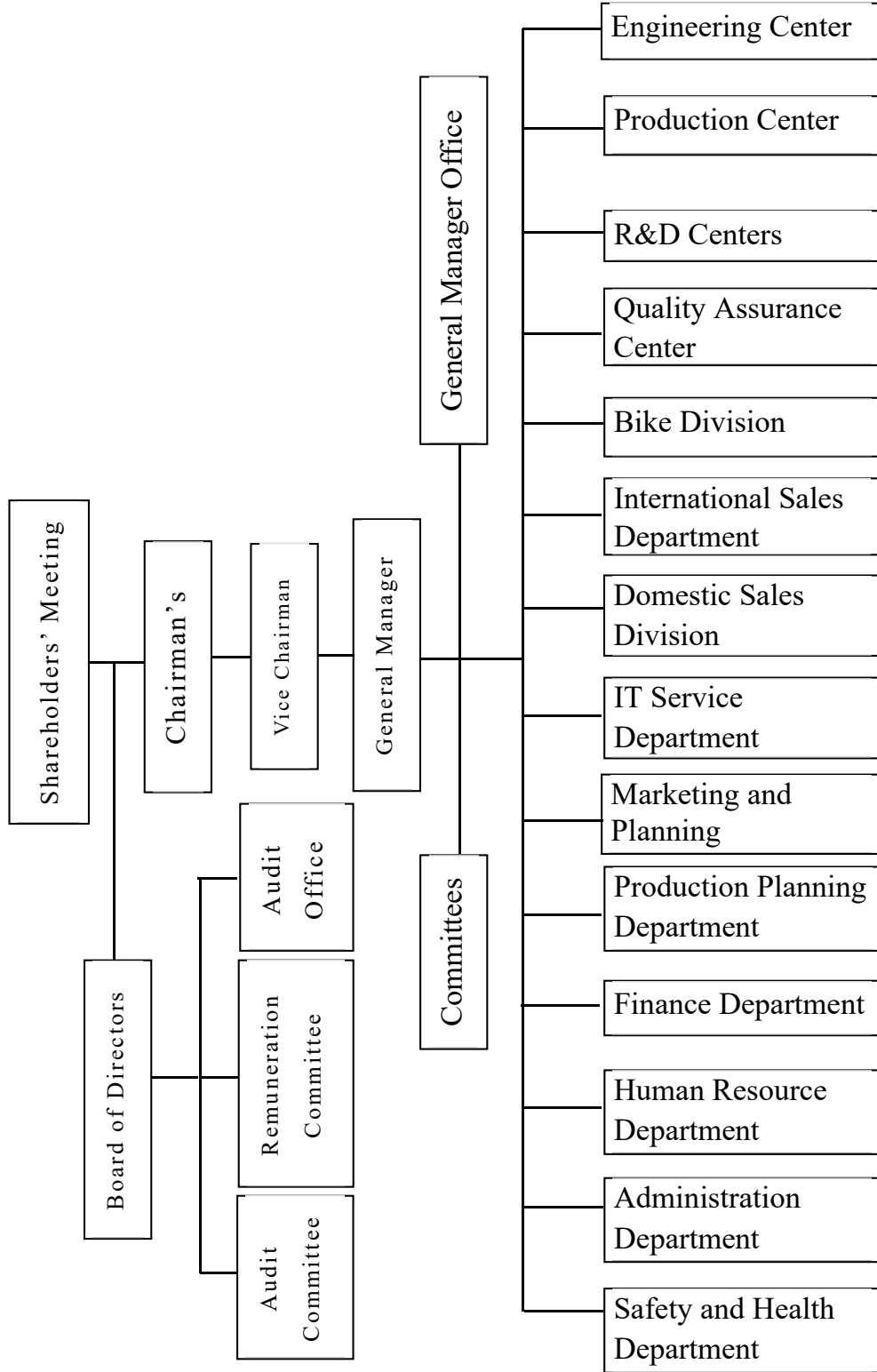
	with a brand value of US\$335 million. The Company's paid-in capital increased to NT\$24,724,756,190.
2012	On March 1, the Board of Directors approved the investment of US\$20,000,000 in the capital increase of Cheng Shin Rubber (Chong Qing) Co., Ltd. through the Company's subsidiary Cheng Shin Rubber (China) Co., Ltd. Cheng Shin Tire & Rubber (China) Co., Ltd. tire testing plant began operations in November 2012. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2012, with a brand value of US\$331 million. The Company paid-in capital increased to NT\$28,186,222,060.
2013	On October 15, the Board approved the resolution to make an additional investment in Indonesia. On November 26, the Investment Commission approved the investment of RMB75,000,000 in the capital increase of CST Rubber (Zhangzhou) Ind. Co., Ltd. via its subsidiary MAXXIS International (HK) Ltd. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2013, with a brand value of US\$ 370 million. The Company was named the top 50 best listed companies in 2013 by Forbes Magazine. The Company's paid-in capital increased to NT\$32,414,155,360.
2014	On May 13, the Board approved the acquisition of the right to use lands in Indonesia's Greenland International Industrial Center. On November 11, the Board approved the increase of investment in India. The Company's MAXXIS brand continued to be one of Taiwan's top twenty international brands in 2014, with a brand value of US\$367 million.
2015	The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2015, with a brand value of US\$348 million.
2016	On November 9, the Board approved the incorporation of PT MAXXIS TRADING INDONESIA. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2016, with a brand value of US\$317 million.
2017	On June 15, the Company established its first Audit Committee. The Board approved the proposal to participate in the capital increase of MAXXIS Rubber India Private Limited in the amount of INR 1,799,985,410 using its own capital, which officially began production in August 2017. And PT MAXXIS International Indonesia began production in October 2017. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2017, with a brand value of US\$324 million.
2018	On January 24, the Board approved the proposal to participate in the capital increase of Maxxis Rubber India Private Limited in the amount of INR 999,991,890 and PT MAXXIS International Indonesia in the amount of US\$29,998,875 using its own capital. On March 29, the Board of Directors approved the establishment of European Sales Company. On November 8, the Board of Directors approved the establishment of Mexican Sales Company. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2018, with a brand value of US\$299 million.
2019	On July 3, the Board of Directors approved the establishment of Japanese Sales Company. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2019, with a brand value of US\$288 million.

2020	<p>On October 11, the Board approved the proposal to participate in the capital increase of Maxxis Rubber India Private Limited in the amount of INR 2,249,981,760, and on November 12, the Board approved the proposal to participate in the capital increase of PT MAXXIS International Indonesia in the amount of US\$29,998,875 using its own capital. The Company was successively included in the component stocks of the FTSE4Good TIP Taiwan ESG Index. The Company won the Taiwan Excellence Award. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2020, with a brand value of US\$285 million.</p>
2021	<p>On January 28, the Board approved the construction plan of ATV tire plant at Douliu Plant No. 3, and on November 10, the Board approved the construction plan of BC tire plant at Douliu Plant No. 3. The Company was successively included in the component stocks of the FTSE4Good TIP Taiwan ESG Index. The Company won the Taiwan Excellence Award. The Company's MAXXIS brand continues to be one of Taiwan's top twenty international brands in 2021, with a brand value of US\$264 million.</p>

Chapter 3. Corporate Governance Report

I. Organizational Structure

(I) Organizational Structure Chart



(II) Major Department Functions

Department	Business
General Manager Office	Plan the medium and long-term development strategies of the Company and the procurement of raw materials
Audit Office	Audit and evaluate the performance of departmental operating functions and the implementation of internal control policies.
Safety and Health Department	Plan and supervise the risk management of labor safety and health and environmental measures of all departments.
Administration Department	Responsible for the management of the Company's general affairs, assets, and operating and maintenance supplies
Human Resource Department	Responsible for short, medium and long-term human resources planning, personnel compensation, welfare and training.
Finance Department	Manage the working capital as well as matters pertaining to accounting and shares.
Production Planning Department	Manage manufacturing and sales planning and coordinate purchase orders of the Group.
Marketing and Planning Department	Responsible for the Company brand and product promotion projects, implementation of external public welfare activities, publicity materials, and corporate culture promotion, and act as the dedicated unit for promoting ESG sustainable development tasks.
IT Service Department	Implement the company computerization, and control computer data and computer software security.
Domestic Sales Division	Determine domestic sales strategies and goals.
International Sales Department	Implement and manage global sales policy (excluding Taiwan) and promotion planning.
Bike Division	Develop new customers and manage sales and services related to the OE factories and repair market of bike tires around the world
Quality Assurance Center	Plan, implement and manage quality assurance policy, quality enhancement and standardization of the whole Company.
R&D Centers	Coordinate the research and development strategies for the development of product and formulation of each tire class
Production Center	Plan and implement production schedules, manufacturing, delivery date, and quality affair pertaining to internal and external tires and rubber materials of the Company
Engineering Center	Design graphics for the development of mechanical devices and manage production.

II. Information about Directors, Independent Directors, General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

(I) Information of Directors

1. Information of Directors (I)

As of April 1, 2022

Position Name	Gender Age	Nationality Or Place of Registration	Election Date <Initial Election Date>	Tenure (Years)	Number of Shares Held at the Time of Election		Current Number of Shares Held		Shares Held By Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Cheng Shin and Other Companies	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
Chairman's Chen, Yun-Hwa	Male 72	ROC	2020.06.16 <2020.06.16>	3 years	120,570,531	3.72%	120,570,531	3.72%	82,492,443	2.54%	13,391,000	0.41%	Honorary Doctor of Management, National Yunlin University of Science and Technology	General Manager	Director	Chen, Hsiu-Hsiung Lo, Tsai-Jen	Second degree of kinship Second-degree family member	The four General Managers of the Company are responsible for the domestic and international operations; their roles and responsibilities are clear and match our current operating status. At the same time, less than half of the directors also act as employees or officers, however the Company will adhere to the requirements of the related laws and regulations by 2023
Vice Chairman Chen, Hsiu-Hsiung	Male 82	ROC	2020.06.16 <2020.06.16>	3 years	67,819,456	2.09%	67,819,456	2.09%	62,945,516	1.94%	31,280,000	0.97%	College of Chemical Industry, Shizuoka University	General Manager of the Company and Chairman of Xiamen Cheng Shin	Director	Chen, Yun-Hwa Lo, Tsai-Jen Chen, Han-Chi	Second degree of kinship Second-degree family member First-degree family member	
Director Min Hsing Investment Co., Ltd.	-	Taipei City	2020.06.16 <2017.06.15>	3 years	6,425,000	0.20%	6,425,000	0.20%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	
Representative Chen, Han-Chi	Female 51	ROC	2020.06.16 <2017.06.15>	3 years	5,591,867	0.17%	23,331,806	0.72%	67,921	0.00%	0	0.20%	Master of Accounting Science, University of Illinois at Urbana-Champaign	N/A	Director	Chen, Hsiu-Hsiung	First-degree family member	

Position Name	Gender Age	Nationality Or Place of Registration	Election Date <Initial Election Date>	Tenure (Years)	Number of Shares Held at the Time of Election		Current Number of Shares Held		Shares Held By Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Cheng Shin and Other Companies	Executives, Directors or Supervisors who are spouses or within the second degree of kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
Director Jiu Shuen Investment Corporation, represented by Wu, Hsiun-Miao	-	Taipei City	2020.06.16 <2017.06.15>	3 years	13,391,000	0.41%	13,391,000	0.41%	0	0%	0	0%	N/A	N/A	N/A	N/A		
Director Hsieh Shuen Investment Co., Ltd. Representative Huang, Chung-Jen	Male 74	ROC	2020.06.16 <2020.06.16>	3 years	0	0%	0	0%	0	0%	0	0%	Department of Public Finance, Feng Chia University	Consultant of the Company	N/A	N/A	N/A	
Director Hong Jing Investment Corporation Representative Lo, Tsai-Jen	-	Changhua County	2020.06.16 <2017.06.15>	3 years	33,331,000	1.03%	33,331,000	1.03%	0	0%	0	0%	N/A	N/A	N/A	N/A		
Director Tseng, Sung-Ling	Male 69	ROC	2020.06.16 <2020.06.16>	3 years	283,225,502	8.74%	91,662,430	2.83%	27,829,793	0.86%	0	0%	Department of Marketing and Materials Management, Newark College of Engineering	N/A	Director	Chen, Yun-Hwa Chen, Hsiu-Hsiung	Second degree of kinship Second-degree family member	
Director Hong Jing Investment Corporation Representative Lec, Chin-Chang	-	Changhua County	2020.06.16 <2017.06.15>	3 years	33,331,000	1.03%	33,331,000	1.03%	0	0%	0	0%	N/A	N/A	N/A	N/A		
Independent Director Chen, Tzu-Chen	Female 65	ROC	2020.06.16 <2020.06.16>	3 years	2,155	0%	2,155	0%	0	0%	0	0%	Master of Law, National Taiwan Ocean University	N/A	N/A	N/A	N/A	
Independent Director Hsu, En-De	Male 59	ROC	2020.06.16 <2014.06.17>	3 years	0	0%	0	0%	0	0%	0	0%	Ph.D., Accounting, National Taiwan University	1. Independent Director, and Remuneration Committee Member of Silicon Touch Technology Inc. 2. Independent	N/A	N/A	N/A	

Table 1. Substantial Shareholders of Corporate Shareholders

Institutional Shareholder Name	Substantial Shareholders of Corporate Shareholders
Hsieh Shuen Investment Co., Ltd.	Chen, Han-Hsin (0.52%); Chen, Po-Chia (1.05%); Chen, Han-Chi (0.52%)
Jiu Shun Investment Corporation	Chen, Li-Chen (0.33%); Chen, Chi-Ying (0.32%); Chen, Ping-Hao (0.72%)
Hong Jing Investment Corporation	Chiu, Li-Ching (47.38%); Luo, Yuan-Yu (44.95%)
Min Hsing Investment Co., Ltd.	Chen, Han-Chi (87.6%)

2. Information of Directors (II)

(1) Professional Qualifications of Directors and Disclosure on the Independence of Independent Directors

Name	Criteria	Professional Qualifications and Experiences (Note 1)	Independence Criteria (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chen, Yun-Hwa		<ol style="list-style-type: none"> Experiences: Served as a Deputy Manager of the Sales Department, Manager of Planning Department, Assistant Manager of the General Manager's Office, and the General Manager of the Company. Categories stated in Article 30 of the Company Act: None. 	Concurrently serves as the General Manager and Chairman of the Company and a natural person substantial shareholder of the Company, therefore the criteria of independence is not met.	0
Chen, Hsiu-Hsiung		<ol style="list-style-type: none"> Experiences: General Manager and Chairman of Cheng Shin Rubber (Xiamen) Ind., Ltd. Received Outstanding Constructor Award in the 30th Anniversary of Xiamen Special Economic Zone. Categories stated in Article 30 of the Company Act: None. 	Concurrently serves as the General Manager and Vice Chairman of the Company and a natural person substantial shareholder of the Company as well as a second-degree family member of Director Chen, Yun-Hwa and Director Lo, Tsai-Jen; therefore the criteria of independence is not met.	0
Min Hsing Investment Co., Ltd, represented by Chen, Han-Chi		<ol style="list-style-type: none"> Professional Qualifications: <ol style="list-style-type: none"> Obtained U.S. CPA certificate. Obtained Internal Auditor certificate of the ROC Taiwan. Obtained International Internal Auditor certificate. Experiences: Has served as a Deputy Manager of the Finance Department of the Company. Categories stated in Article 30 of the Company Act: None. 	Was not an employee of the Company or its affiliate from two years before being elected to this current day, but a first-degree family member of Director Chen, Yun-Hwa; therefore the criteria of independence is not met.	0
Representative of Jiu Shun Investment Corporation: Wu, Hsuan-Miao		<ol style="list-style-type: none"> Experiences: Served as Manager of Financial Department, Assistant Manager, and Deputy General Manager of the Company. Categories stated in Article 30 of the Company Act: None. 	Was not an employee of the Company or its affiliate from two years before being elected to this current day, but a representative of an institutional director; therefore the criteria of independence is not met.	0

Hsieh Shuen Investment Co., Ltd's Representative: Huang, Chung-Jen	<ol style="list-style-type: none"> Experiences: Served as Assistant Manager of Marketing and Planning Department and Deputy General Manager of the Company. Categories stated in Article 30 of the Company Act: None. 	Was an employee of the Company two years before being elected and a representative of an institutional director; therefore the criteria of independence is not met.	0
Hong Jing Investment Corporation, represented by Lo, Tsai-Jen	<ol style="list-style-type: none"> Experiences: Deputy General Manager of Cheng Shin Rubber (Xiamen) Ind., Ltd., General Manager and Chairman of Cheng Shin Rubber (China) Co., Ltd.; Deputy Chairman and Chairman of Cheng Shin. Categories stated in Article 30 of the Company Act: None. 	Was an employee of the Company two years before being elected and retired in July 2020; nevertheless, a second-degree family member of Director Chen, Yun-Hwa and Director Chen, Hsiu-Hsiun and therefore the criteria of independence is not met.	0
Tseng, Sung-Ling	<ol style="list-style-type: none"> Experiences: Person in charge of Ding-Yu Investment Co., Ltd; Vice Chairman and Director of Merida Industry Co. Ltd. Categories stated in Article 30 of the Company Act: None. 	Was not an employee of the Company or its affiliate but a specific company that has engaged in financial transactions with the Company; therefore the criteria of independence is not met.	0
Hong Jing Investment Corporation, represented by Lee, Chin-Chang	<ol style="list-style-type: none"> Experiences: Served as Manager of Manufacturing Department, Assistant Manager of the General Manager's Office, and Deputy General Manager and General Manager of the Company. Categories stated in Article 30 of the Company Act: None. 	Was an employee of the Company two years before being elected and to date, and a representative of an institutional director; therefore the criteria of independence is not met.	0
Independent Director and Member of the Audit Committee: Chen, Tzu-Chen	<ol style="list-style-type: none"> Professional Qualifications: <ol style="list-style-type: none"> Professional and qualified attorney. Legal background and experience, has served as a Judge for the Taiwan Taipei District Court. Experiences: <ol style="list-style-type: none"> Judge, Taiwan Taipei District Court. Judge, Judge, Taiwan High Court. Judge, Taipei High Administrative Court. Categories stated in Article 30 of the Company Act: None. 	<ol style="list-style-type: none"> No conditions stipulated in Items 1 through 9, Paragraph 1, Article 3 in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies have occurred two years prior to the appointment and during the term of service. Compensations received for provision of commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years: None. All three Independent Directors have met the criteria for independence. 	0

<p>Independent Director and Member of the Audit Committee: Hsu, En-De</p>	<p>1. Professional Qualifications: (1) Obtained professional qualification as an Internal Auditor. (2) An instructor in a department of commerce, finance, accounting, or other academic department related to the business needs in a public or private junior college, college, or university.</p> <p>2. Experiences: (1) Accounting Professor and Dean of Accounting and Industry-Academic Cooperation Research Center, Tunghai University; (2) Member of Social Empowerment Engineering Promotion Committee, Taichung City Government. (3) President, Association of Sustainable Social Enterprise of Taiwan.</p> <p>3. Categories stated in Article 30 of the Company Act: None.</p>		<p>3</p>
<p>Independent Director and Member of the Audit Committee: Chen, Shuei-Jin</p>	<p>1. Professional Qualifications: (1) Obtained Certified Public Accountant certification. (2) An instructor in a department of commerce, finance, accounting, or other academic department related to the business needs in a public or private junior college, college, or university. (3) Professional experience in commerce, finance and accounting, and currently employed by the Yuan Sheng Accounting Firm.</p> <p>2. Experiences: (1) CPA, Deloitte Taiwan. (2) CPA, Deloitte & Touche. (3) Adjunct Lecturer, Department of Industrial Management, Nan Kai University of Technology.</p> <p>3. Categories stated in Article 30 of the Company Act: None.</p>		<p>3</p>

(2) Diversity and Independence of the Composition of the Board:

*Diversity of the Board of Directors:

The Corporate Governance Best Practice Principles of the Company requires that the Board composition should follow the diversity policy and focus on divisiveness, gender equality, and the members of the Board shall be generally equipped with sufficient knowledge, skills, and competency to perform their duties. All Directors are required to engage in continuing studies courses in each year and achieve the required number of hours of study. Currently, among the 11 directors serving on the Board, three of whom, or 27%, are concurrent employees of the Company, and two

of them are female, which takes up 18%. The ratio of the three Independent Directors to all Directors is 27%; all of whom have served in the office for less than 8 years. 4 directors are aged over 71; 3 directors are aged between 61-70; and 4 directors are aged under 60. All Directors are from Taiwan, R.O.C. The Directors are separately equipped with expertise from manufacturing, commerce, finance, industry, law, and accounting fields. The Company pays attention to the diversified structure of the directors and expects to appoint Directors with expertise other than the above-mentioned as well as female Directors in the next election.

***Independence of the Composition of the Board:**

The Company has set up three seats of Independent Directors, accounting for 27% of all Directors.

Four of the Directors have spousal and second degree of kinship relations with one another, accounting for 36% of all Directors, which does not violate the matters stipulated by Paragraph 3, Article 26-3 of the Securities and Exchange Act, and complies with the conditions of independence.

***Implementation of Diversity Policy by Individual Directors :**

Diversified Core Competences Name of Director	Basic Composition						Industrial knowledge and professional expertise										
	Gender	Professional background	Serve concurrently as employees of the Company	Age			Longevity of Independent Director			Operation judgment	Business Administration	Crisis management	Industrial Knowledge	Accounting and financial analysis	Global market viewpoint	Leadership skills	Capability to make decisions
				51 to 60	61 to 70	Above 71	Less than 3-9 years	More than									
Chen, Yun-Hwa	Male	Business Management	✓			✓				✓	✓	✓	✓	✓	✓	✓	✓
Chen, Hsiu-Hsiung	Male	Chemical	✓			✓				✓	✓	✓	✓	✓	✓	✓	✓
Chen, Han-Chi	Female	Finance and Accounting		✓						✓	✓		✓	✓	✓		
Wu, Hsuan-Miao	Male	Finance and Accounting				✓				✓			✓	✓	✓		
Huang, Chung-Jen	Male	Industrial Engineering				✓					✓		✓			✓	✓
Lo, Tsai-Jen	Male	R&D			✓					✓	✓	✓	✓		✓	✓	✓
Tseng, Sung-Ling	Male	Business Management		✓						✓	✓	✓	✓		✓	✓	✓
Lee, Chin-Chang	Male	Business Management	✓		✓					✓	✓	✓	✓		✓	✓	✓
Hsu, En-De	Male	Finance and Accounting		✓				✓		✓			✓	✓	✓	✓	✓
Chen, Tzu-Chen	Female	Legal science			✓		✓			✓	✓		✓		✓		✓
Chen, Shuei-Jin	Male	Finance and Accounting		✓				✓		✓	✓		✓	✓	✓	✓	✓

(II) Information on General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments and Branches

As of April 1, 2022

Position	Name	Gender	Nationality	Election Date	Number of Shares Held		Shareholding from Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Other Companies	Managers who are Spouses or Within the second degree of Kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
General Manager	Chen, Yun-Hwa	Male	ROC	2020.07.07	120,570,531	3.72%	82,492,443	2.54%	13,391,000	0.41%	Honorary Doctor of Management, National Yunlin University of Science and Technology	N/A	General Manager	Chen, Hsiu-Hsiung	Second degree kinship	The four General Managers of the Company are responsible for the domestic and international operations; their roles and responsibilities are clear and match our current operating status. At the same time, less than half of the directors also act as employees or officers, however the Company will adhere to the requirements of the related laws and regulations by 2023
General Manager	Chen, Hsiu-Hsiung	Male	ROC	1997.04.01	67,819,456	2.09%	62,945,516	1.94%	31,280,000	0.97%	College of Chemical Industry, Shizuoka University	N/A	General Manager Assistant Manager	Chen, Yun-Hwa Chen, Po-Chia	Second degree kinship First-degree family member	
General Manager	Lee, Chin-Chang	Male	ROC	2020.04.01	24,874	0%	5,725	0%	0	0%	Master of International Business Management Institute of Dayeh University	N/A	N/A	N/A	N/A	
General Manager	Hsu, Chih-Ming	Male	ROC	2020.04.01	300,844	0%	4,665,356	0.14%	0	0%	Ph.D. Electrical Engineering, National Tsing Hua University	N/A	General Manager	Chen, Hsiu-Hsiung	First-degree family member spouse	
Deputy General Manager	Peng, Wen-Hsing	Male	ROC	2007.02.01	4,326	0%	0	0%	0	0%	Department of Mechanical Engineering, Lungghwa Junior College	N/A	N/A	N/A	N/A	
Deputy General Manager	Huang, Chieh-Hsiang	Male	ROC	2008.07.01	233,322	0%	0	0%	0	0%	Deputy General Manager of Cheng Shin Rubber (Xiamen) Ind., Ltd.	N/A	N/A	N/A	N/A	

Position	Name	Gender	Nationality	Election Date	Number of Shares Held		Shareholding from Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Other Companies	Managers who are Spouses or Within the second degree of Kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
Deputy General Manage	Lin, Yu-Yu	Male	ROC	2012.08.01	2,242	0%	2,793	0%	0	0%	Department of Industrial Engineering, National Taipei Junior College	N/A	N/A	N/A	N/A	
Deputy General Manage	Liao, Cheng-Yao	Male	ROC	2013.08.01	400	0%	0	0%	0	0%	Department of English Studies, National Taichung Business College	N/A	N/A	N/A	N/A	
Deputy General Manage	Lee, Hung-Ko	Male	ROC	2016.07.01	0	0%	0	0%	0	0%	Department of Mechanical Engineering, National Chin Yi Junior College	N/A	N/A	N/A	N/A	
Deputy General Manage	Liu, Chao-Sheng	Male	ROC	2016.07.01	4,326	0%	0	0%	0	0%	MBA, National Yunlin University of Science and Technology	N/A	N/A	N/A	N/A	
Deputy General Manage	Lai, Kuo-Ti	Male	ROC	2016.07.01	2,438	0%	0	0%	0	0%	Department of Accounting Statistics, Tamsui Institute of Business Administration	N/A	N/A	N/A	N/A	
Deputy General Manage	Lo, Yung-Li	Male	ROC	2018.09.01	0	0%	0	0%	0	0%	Department of Public Finance, Feng Chia University	N/A	N/A	N/A	N/A	
Deputy General Manage	Chen, Shu-Yu	Male	ROC	2020.12.01	0	0%	0	0%	0	0%	Master, Food & Chemical Engineering, Da Yeh University	N/A	N/A	N/A	N/A	
Deputy General Manage	Ho, Chin-Fang	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	Department of Chemical Engineering, National Taipei Institute of Technology	N/A	N/A	N/A	N/A	
Deputy General Manage	Chang, Ghi-Jung	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	Department of Mechanical Engineering, Feng Chia University	N/A	N/A	N/A	N/A	

Position	Name	Gender	Nationality	Election Date	Number of Shares Held		Shareholding from Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Other Companies	Managers who are Spouses or Within the second degree of Kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
Deputy General Manage	Liu, Ching-Chung	Male	ROC	2021.08.01	0	0%	396	0%	0	0%	Department of Industrial Engineering, Feng Chia University	N/A	N/A	N/A	N/A	
Deputy General Manage	Lo, Chen-Jung	Male	ROC	2021.08.01	189	0%	0	0%	0	0%	Department of Electrical Engineering, Chienkuo Junior College	N/A	N/A	N/A	N/A	
Assistant Manager	Lin, Chen-Chieh	Male	ROC	1994.04.01	5,000	0%	22,987	0%	0	0%	Department of Industrial Engineering, Chun Yuan Christian University	N/A	N/A	N/A	N/A	
Assistant Manager	Lin, Chin-Chuan	Male	ROC	2010.05.01	0	0%	0	0%	0	0%	Masters in Mechanical Engineering, National Chiao Tung University	N/A	N/A	N/A	N/A	
Assistant Manager	Chang, Chuan-Shun	Male	ROC	2010.05.01	0	0%	0	0%	0	0%	Department of Industrial Management, National Chin Yi Junior College	N/A	N/A	N/A	N/A	
Assistant Manager	Huang, Kuo-Tsai	Male	ROC	2010.04.01	60,195	0%	53,243	0%	0	0%	Chemical Department, National Chung Hsing University	N/A	N/A	N/A	N/A	
Assistant Manager	Huang, Yang-Hsun	Male	ROC	2010.04.01	0	0%	0	0%	0	0%	Masters in Political Science, National Taiwan University	N/A	N/A	N/A	N/A	
Assistant Manager	Chen, Ying-Kuang	Male	ROC	2010.09.13	27,884	0%	4,604	0%	0	0%	Department of Chemical Engineering, National Taipei Junior College	N/A	N/A	N/A	N/A	
Assistant Manager	Chiang, Kui-Yung	Male	ROC	2016.07.01	0	0%	0	0%	0	0%	Department of Mechanical Engineering, National United University	N/A	N/A	N/A	N/A	

Position	Name	Gender	Nationality	Election Date	Number of Shares Held		Shareholding from Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Other Companies	Managers who are Spouses or Within the second degree of Kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
Assistant Manager	Hu, Ming-Te	Male	ROC	2016.07.01	10,000	0%	4,320	0%	0	0%	Diploma in Electrical Engineering from Zhen Del High School	N/A	N/A	N/A	N/A	
Assistant Manager	Ting, Tso-Lin	Male	ROC	2018.09.01	0	0%	0	0%	0	0%	Bachelor in Spanish, Tamkang University	N/A	N/A	N/A	N/A	
Assistant Manager	Chen, Jin-Long	Male	ROC	2019.12.01	0	0%	0	0%	0	0%	Bachelor in Spinning Engineering, Nanya Institute of Technology	N/A	N/A	N/A	N/A	
Assistant Manager	Yang, Jin-Cheng	Male	ROC	2019.12.01	0	0%	25,177	0%	0	0%	Bachelor in Mechanical Engineering, National Chin Yi Junior College	N/A	N/A	N/A	N/A	
Assistant Manager	Lo, Yuan-Long	Male	ROC	2020.04.01	61,064,766	1.88%	0	0%	0	0%	PhD in Physics, University of Washington	N/A	N/A	N/A	N/A	
Assistant Manager	Chen, Po-Chia	Male	ROC	2020.04.01	35,603,449	1.098%	0	0%	0	0%	Master in Electrical Engineering, Cheng Kung University	N/A	General Manager	Chen, Hsiu-Hsiung	First-degree family member	
Assistant Manager	Lai Ming-Han	Male	ROC	2021.02.01	0	0%	115,936	0%	0	0%	Industrial Engineering Department of Lughwa University of Science and Technology Graduation	N/A	N/A	N/A	N/A	
Assistant Manager	Chiang, Chih-Wei	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	Bachelor in Civil Engineering, Chun Yuan Christian University	N/A	N/A	N/A	N/A	
Assistant Manager	Chen, Han-Hsin	Female	ROC	2021.08.01	24,224,294	0.75%	300,844	0%	0	0%	Master's in Accounting, University of Illinois, USA	N/A	General Manager	Chen, Hsiu-Hsiung	First-degree family member	

Position	Name	Gender	Nationality	Election Date	Number of Shares Held		Shareholding from Spouse and Minor Children		Shares Held in Other's Name		Major Experience (Education)	Current Posts in Other Companies	Managers who are Spouses or Within the second degree of Kinship			Note
					Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Position	Name	Relation	
Assistant Manager	Huang, Yung-Nan	Male	ROC	2021.08.01	0	0%	0	0%	0	0%	Department of Mechanical Design, National Yunlin Institute of Technology	N/A	N/A	N/A	N/A	
Assistant Manager	Chen, Chih-Hsien	Male	ROC	2021.08.01	80	0%	0	0%	0	0%	Department of International Business, Shih Chien University	N/A	N/A	N/A	N/A	
Finance Manager	Lo, Yung-Li	Male	ROC	2010.07.19	0	0%	0	0%	0	0%	Department of Public Finance, Feng Chia University	N/A	N/A	N/A	N/A	
Accounting Manager	Yu, Ching-Tang	Male	ROC	2020.11.12	0	0%	0	0%	0	0%	Accounting Department, National Chengchi University	N/A	N/A	N/A	N/A	

Note: Where the Chairperson of the Board of Directors and the General Manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or first degree family member, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto.

III. Remuneration of Directors (including Independent Directors), General Managers, and Deputy General Managers

(I) Remunerations of General Directors and Independent Directors

December 31, 2021 Unit: NT\$ Thousand

Position	Name	Remuneration of Directors						Relevant Remuneration Received by Directors Who are Also Employees				Total Compensation (A+B+C+D+E+F+G) and ratio to Net Income After Tax Ratio (%)	Compensation from any Invested Company Other Than the Company's Subsidiary												
		Base Compensation (A)		Pension (B)		Directors (C)		Business Expense Allowances (D)		Total Remuneration (A+B+C+D) and ratio to Net Income After Tax Ratio (%)				Salary, Bonuses, and Allowances (E)		Pension (F)		Profit Sharing- Employee Bonus (G)							
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements			The Company	Companies in the financial statements	Cash Amount	Stock Amount	The Company	Companies in the financial statements	Cash Amount	Stock Amount				
Chairman's Vice Chairman	Chen, Yun-Hwa Chen, Hsiu-Hsiung																								
Director	Min Hsing Investment Co., Ltd, represented by Chen, Han-Chi Hsieh Shuen Investment Co., Ltd, represented by Huang, Chung-Jen	0	0	0	0	98,028	98,028	240	240	98,268 (1.86%)	98,268 (1.86%)	24,848	24,848	0	0	178	0	178	0	123,294 (2.34%)	123,294 (2.34%)	0	0	None	
Director	Jiu Shun Investment Corporation, represented by Wu, Hsuan-Miao																								
Director	Hong Jing Investment Corporation, represented by Lo, Tsai-Jen																								
Director	T'seng, Sung-Ling																								
Director	Hong Jing Investment Corporation, represented by Lee, Chin-Chang																								
Independent Director	Hsu, En-De	2,460	2,460	0	0	0	0	165	165	2,625 (0.05%)	2,625 (0.05%)	0	0	0	0	0	0	0	0	2,625 (0.05%)	2,625 (0.05%)	0	0	None	
Independent Director	Chen, Shuei-jin																								
Independent Director	Chen, Tzu-Chen																								

1. * Please explain the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the considered factors such as their job responsibilities, risks, and working time.

*The Company's independent director remuneration is authorized for the Board to decide and will be decided according to their participation procedure and contribution to the Company's operation and the common standard in the industry. The independent directors receive a fixed amount of remuneration and the traveling expenses of attending meetings. They do not receive other forms of remuneration and may not participate in the distribution of the Company's director remuneration.

*In 2021, six Board meetings and five Audit Committee meetings were held. All Independent Directors participated actively with an attendance of 100%.

2. Except as otherwise disclosed herein, remunerations received by the the Directors of the Company for providing services (in a non-employee capacity, such as an advisor to the parent company/all companies in the financial statements/reinvestment) to any of the companies in the consolidated financial statements within the current fiscal year are as follows:

*The remunerations received by the Company's Directors for serving as advisors in a non-employee capacity totaled NT\$3.75 million.

Table of Range of Remuneration

Range of Remuneration paid to Directors of the Company	Total of (A+B+C+D)			Name of Director	
	The Company Chen, Tzu-Chen and Hsu, En-De and Chen, Shuei-Jin	Companies in the financial statements H Chen, Tzu-Chen and Hsu, En-De and Chen, Shuei-Jin	Total of (A+B+C+D+E+F+G) Companies in the consolidated statements I Chen, Tzu-Chen and Hsu, En-De and Chen, Shuei-Jin	The Company Chen, Tzu-Chen and Hsu, En-De and Chen, Shuei-Jin	Companies in the consolidated statements I Chen, Tzu-Chen and Hsu, En-De and Chen, Shuei-Jin
Under NT\$ 1,000,000	-	-	-	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000	-	-	-	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	-	-	-	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	Jiu Shun Investment Corporation-	Jiu Shun Investment Corporation-	Jiu Shun Investment Corporation-	Jiu Shun Investment Corporation-	Jiu Shun Investment Corporation-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	Tseng, Sung-Ling Xie Shun Investment Corporation Min Hsing Investment Co., Ltd.	Tseng, Sung-Ling Xie Shun Investment Corporation Min Hsing Investment Co., Ltd.	Tseng, Sung-Ling Xie Shun Investment Corporation Min Hsing Investment Co., Ltd.	Tseng, Sung-Ling Xie Shun Investment Corporation Min Hsing Investment Co., Ltd.	Tseng, Sung-Ling Xie Shun Investment Corporation Min Hsing Investment Co., Ltd.
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	-	-	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	Hong Jing Investment Corporation Chen, Yun-Hwa Chen, Shiu-Hsiung	Hong Jing Investment Corporation Chen, Yun-Hwa Chen, Shiu-Hsiung	Hong Jing Investment Corporation Chen, Yun-Hwa Chen, Shiu-Hsiung	Hong Jing Investment Corporation Chen, Yun-Hwa Chen, Shiu-Hsiung	Hong Jing Investment Corporation Chen, Yun-Hwa Chen, Shiu-Hsiung
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	-	-	-	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-	-	-	-
Over NT\$100,000,000	-	-	-	-	-
Total	10 persons	10 persons	10 persons	10 persons	10 persons

*The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(II) Remunerations of General Managers and Deputy General Managers

December 31, 2021 Unit: NT\$ Thousand

Position	Name	Salary(A)		Pension (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)			Total amount of A, B, C and D and ratio to after-tax net income (%)		Compensation from any Invested Company Other Than the Company's Subsidiary
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	Cash Amount	Stock Amount	The Company	
General Manager	Chen, Yun-Hwa												
General Manager	Chen, Hsiu-Hsiung												
General Manager	Hsu, Chih-Ming												
General Manager	Lee, Chin-Chang												
Deputy General Manage	Lin, Hung-Yu												
Deputy General Manage	Huang, Chieh-Hsiang												
Deputy General Manage	Peng, Wen-Hsing												
Deputy General Manage	Lin, Yu-Yu												
Deputy General Manage	Liao, Cheng-Yao												
Deputy General Manage	Lee, Hung-Ko												
Deputy General Manage	Liu, Chao-Sheng	31,486	31,486	0	0	57,264	57,264	1,511	0	90,261	90,261	90,261 (1.71%)	None
Deputy General Manage	Lai, Kuo-Ti												
Deputy General Manage	Lo, Yung-Li												
Deputy General Manage	Chen, Shu-Yu												
Deputy General Manage	Ho, Chin-Fang												
Deputy General Manage	Chang, Ghi-Jung												
Deputy General Manage	Liu, Ching-Chung												
Deputy General Manage	Lo, Chen-Jung												

Table of Range of Remuneration

Range of remunerations paid to General Managers and Deputy General Managers of the Company	Name of General Manager and Deputy General Manager	
	The Company	Companies in the consolidated financial statements E
Under NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000	-	-
NT\$2,000,000 (inclusive) ~ NT\$3,500,000	-	-
NT\$3,500,000 (inclusive) ~ NT\$5,000,000	Hsu, Chih-Ming; Peng, Wen-Hsing; Huang, Chieh-Hsiang; Lin, Yu-Yu; Liao, Cheng-Yao; Chen, Shu-Yu Lee, Hung-Ko; Liu, Chao-Sheng; Lai, Kuo-Ti; Luo, Yung-Li; Lin, Hung-Yu; Chang, Ghi-Jung, Liu, Ching-Chung; Ho, Chin-Fang; Lo, Chen-Jung	Hsu, Chih-Ming; Peng, Wen-Hsing; Huang, Chieh-Hsiang; Lin, Yu-Yu; Liao, Cheng-Yao; Chen, Shu-Yu Lee, Hung-Ko; Liu, Chao-Sheng; Lai, Kuo-Ti; Luo, Yung-Li; Lin, Hung-Yu; Chang, Ghi-Jung, Liu, Ching-Chung; Ho, Chin-Fang; Lo, Chen-Jung
NT\$5,000,000 (inclusive) ~ NT\$10,000,000	Chen, Yun-Hwa; Chen, Shiu-Hsiung; Lee, Chin-Chang	Chen, Yun-Hwa; Chen, Shiu-Hsiung; Lee, Chin-Chang
NT\$10,000,000 (inclusive) ~ NT\$15,000,000	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000	-	-
NT\$50,000,000 (inclusive) ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	18 persons	18 persons

*The remuneration contents disclosed in this table are different from the concept of income specified in the Income Tax Act, thus the purpose of this table is for information disclosure only, rather than taxation purpose.

(III) Manager's Name and the Distribution of Employee Bonus:

December 31, 2021 Unit: NT\$ Thousand

	Position	Name	Stock Amount	Cash Amount	Total	Total Amount to After-Tax Net Income Ratio (%)
Manager	General Manager	Chen, Yun-Hwa	0	3,112	3,112	0.059%
	General Manager	Chen, Hsiu-Hsiung				
	General Manager	Hsu, Chih-Ming				
	General Manager	Lee, Chin-Chang				
	Deputy General Manage	Lin, Hung-Yu				
	Deputy General Manage	Huang, Chieh-Hsiang				
	Deputy General Manage	Peng, Wen-Hsing				
	Deputy General Manage	Lin, Yu-Yu				
	Deputy General Manage	Liao, Cheng-Yao				
	Deputy General Manage	Lee, Hung-Ko				
	Deputy General Manage	Liu, Chao-Sheng				
	Deputy General Manage	Lai, Kuo-Ti				
	Deputy General Manage	Lo, Yung-Li				
	Deputy General Manage	Chen, Shu-Yu				
	Deputy General Manage	Ho, Chin-Fang				
	Deputy General Manage	Chang, Ghi-Jung				
	Deputy General Manage	Liu, Ching-Chung				
	Deputy General Manage	Lo, Chen-Jung				
	Assistant Manager	Lin, Chen-Chieh				
	Assistant Manager	Lin, Chin-Chuan				
	Assistant Manager	Chang, Chuan-Shun				
	Assistant Manager	Huang, Kuo-Tsai				
	Assistant Manager	Huang, Yang-Hsun				
	Assistant Manager	Chen, Ying-Kuang				
	Assistant Manager	Chiang, Kui-Yung				
	Assistant Manager	Hu, Ming-Te				
	Assistant Manager	Ting, Tso-Lin				
	Assistant Manager	Chen, Jin-Long				
	Assistant Manager	Yang, Jin-Cheng				
	Assistant Manager	Lo, Yuan-Long				
	Assistant Manager	Chen, Po-Chia				
	Assistant Manager	Lai Ming-Han				
	Assistant Manager	Chen, Han-Hsin				
Assistant Manager	Huang, Yung-Nan					
Assistant Manager	Chen, Chih-Hsien					
Assistant Manager	Chiang, Chih-Wei					
Chief Financial Officer	Lo, Yung-Li					
Accounting Supervisor	Yu, Ching-Tang					

(IV) Remuneration paid by the Company and by all companies included in the consolidated financial statements to Directors, General Managers and Deputy General Managers in the Most Recent Two Fiscal Years to after-tax net profit ratio; and Remuneration Policy, Standards, Portfolios for The Payment of The Remuneration, and Procedure for Determining Remuneration, and their Connection with Business Performance and Future Risks.

1. Total remuneration of Directors, General Managers and Deputy General Managers of the Company to after-tax net income ratio:

Unit: Unit: NT\$ Thousand; %

Year/Item	Net Income After Tax	Total remuneration of Directors, General Managers and Deputy General Managers to net profit after tax ratio
The Company in 2021	5,270,007	3.63%
2021 Consolidated Financial Statements	5,294,850	3.61%
The Company in 2020	5,988,702	3.64%
2020 Consolidated Financial Statements	6,001,203	3.63%

2. The policies, standards and portfolios for the payment of remuneration, the procedures for determining remuneration, and their connection with business performance and future risks:

To the extent that the Company has profit in the year, the Company shall set aside at least 2% of such profit as employee compensation and no more than 3% of such profit as director compensation, provided that the Company shall first offset the cumulative losses, if any. The independent directors may not participate in the distribution of the Company's director remuneration, and are only paid a fixed compensation and honorarium for attending meetings. The policy of directors' remuneration is based on the Company's "Performance Evaluation of the Functional Committees of the Board of Directors", and also includes suggestions that either point out the Company's problems or offer constructive criticism, assisting in the Company in problem-solving through substantial actions, drafting and receiving support for proposals at the Board meetings, and material benefits generated from such proposals and attendance at the Board meetings, and reasonable compensations are given upon review from the Remuneration Committee and upon resolution from the Board of Directors.

The compensation policy for managers is determined by the Remuneration Committee of the Company in accordance with the market average of each position academic background and experiences, and the duties and responsibilities of such position, as well as personal contribution to the Company's operation target. Besides taking overall operating performance of the Company into consideration, personal achievements and contributions made to business operations, which includes achievement status of the Group's management performance, internationalization and Group-centered performance, talent development, achievement of strategic and target objectives,

whether the person serves in concurrent positions, are also evaluated during the remuneration determination process. The Audit Committee and the Board of Directors would then approve a remuneration that is fair and reasonable.

IV. Corporate Governance of the Company

(I) Implementation of Board Meetings

1. The Board of Directors held 6 meetings (A) in 2021 (as of December 31, 2021).

The attendance of directors (including independent directors) is as follows:

Position	Name (Note 1)	Actual Attendance (B)	Attendance by Proxy	Ratio of Actual Attendance (%) 【B/A】 (Note 2)	Note
Chairman's	Chen, Yun-Hwa	6	0	100%	
Vice Chairman	Chen, Hsiu-Hsiung	6	0	100%	
Director	Min Hsing Investment Co., Ltd, represented by Chen, Han-Chi	6	0	100%	
Director	Representative of Hsieh Shuen Investment Co., Ltd: Huang, Chung-Jen	6	0	100%	
Director	Jiu Shun Investment Corporation, represented by Wu, Hsuan-Miao	6	0	100%	
Director	Hong Jing Investment Corporation, represented by Lo, Tsai-Jen	6	0	100%	
Director	Tseng, Sung-Ling	6	0	100%	
Director	Hong Jing Investment Corporation, represented by Lee, Chin-Chang	6	0	100%	
Independent Director	Hsu, En-De	6	0	100%	
Independent Director	Chen, Tzu-Chen	6	0	100%	
Independent Director	Chen, Shuei-Jin	6	0	100%	

Other Required Disclosures:

I. The date, session number of the Board meeting, proposal contents, opinions of all Independent Directors, and the Company's reactions towards Independent Director's opinions shall be recorded in case the following Board operation occurs:

- (1) Items specified in Article 14-3 of the Securities and Exchange Act: As stated in the following table.
- (2) Other than the matters mentioned above, the resolutions with records or written statements on which independent directors have dissenting opinions or qualified opinions: As stated in the following table.

Date	Proposal Contents	Independent Director's Opinion	Company's Reaction towards Independent Director's Opinions
2021.01.28 (The 5th session of the 11th term)	(1) Proposal for the Company's plan of distributing managers' year-end bonus and remuneration. (2) Proposal for personnel promotion of the Company. (3) Proposal for construction of ATV plant at the Douliu Plant No. 3.	None	None

	<p>(4) Proposal for the Company's loan line.</p> <p>(5) Proposal for the Company's endorsements/guarantees.</p> <p>(6) Proposal for compensations of the Company's CPAs.</p>		
2021.03.24 (The 6th session of the 11th term)	<p>(1) Proposal for the distribution of directors and employees' 2020 remuneration</p> <p>(2) Proposal to discuss the Company's 2020 business report, consolidated financial statements, and individual financial statements.</p> <p>(3) Proposal for the distribution of the Company's 2020 earnings.</p> <p>(4) Proposal to decide the date and location of the 2021 Annual Shareholders' Meeting as well as the reasons to convene the meeting.</p> <p>(5) Proposal to accept shareholders' proposals for the 2021 Annual Shareholders Meeting.</p> <p>(6) Proposal for the Review of Effectiveness of Internal Control System and the Statement of Internal Control System of the Company for 2020.</p> <p>(7) Proposal for independent evaluation of the Company's CPAs.</p> <p>(8) Proposal to adjust the organizational structure of the Company.</p> <p>(9) Proposal for amendment to the Company's Articles of Incorporation.</p> <p>(10) Proposal for amendment to amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Lending Funds to Others.</p> <p>(11) Proposal for amendment to the Company's Procedures for the Acquisition and Disposal of Assets</p> <p>(12) Proposal for amendment to the Company's Director Election Method.</p> <p>(13) Proposal for amendment to the Company's Rules of Procedure for Shareholders' Meetings.</p> <p>(14) Proposal for amendment to the Operational Procedures for Lending Funds to Others by Cheng Shin Rubber (China) Co., Ltd..</p> <p>(15) Proposal for amendment to the Operational Procedures for Lending Funds to Others by Cheng Shin Rubber (Chong Qing) Co., Ltd.</p> <p>(16) Proposal for the Company's loan line.</p> <p>(17) Proposal for the Company's endorsements/guarantees.</p>	None	N/A
2021.05.12 (The 7th session of the 11th term)	Proposal to accept the Company's Q1 2021 Consolidated Financial Statements.	None	N/A
2021.07.07 (The 8th session of the 11th term)	<p>(1) Proposal to decide the date and location of the postponed 2021 Annual Shareholders' Meeting.</p> <p>(2) Proposal for 2020 directors' remuneration distribution.</p> <p>(3) Proposal for personnel promotion of the Company.</p> <p>(4) Proposal for the Company's loan line.</p>	None	N/A
2021.08.11 (The 9th session of the 11th term)	<p>(1) Proposal to fix the ex-dividend base date.</p> <p>(2) Proposal to accept the Company's Q2 2019 Consolidated Financial Statements.</p> <p>(3) Proposal to sign the Auditor's Evaluation of Subsequent</p>	None	N/A

	<p>Events.</p> <p>(4) Subsequent evaluation of the due diligence valuation of derivative commodities of the Company.</p> <p>(5) Proposal for the Company's endorsements/guarantees.</p> <p>(6) Proposal for the Company's loan line.</p>		
2021.11.12 (The 10th session of the 11th term)	<p>(1) Proposal to accept the Company's Q3 2019 Consolidated Financial Statements.</p> <p>(2) Proposal to establish the Company's 2022 Audit Plan.</p> <p>(3) Proposal for amendment to the Company's Internal Audit Implementation Rules.</p> <p>(4) Proposal for construction of BC tire plant at the Douliu Plant No. 3.</p> <p>(5) Proposal to issue unsecured general corporate bonds of the Company.</p> <p>(6) Proposal for the Company's loan line.</p> <p>(7) Proposal for the Company's endorsements/guarantees.</p>	None	N/A

II. In regards to the recusal of directors due to conflict of interests, the name of the directors, proposal contents, the reasons for recusal due to conflict of interests and voting result:
None.

III. Information disclosure of the Company regarding the frequency and period, scope, method, and content of the Board's self-evaluation. The execution of the Board's evaluation: Please refer to the Execution of the Board's Evaluation.

IV. Evaluation of the measures taken to strengthen the functionality of the Board in the current and the latest year (e.g. establishing the Audit Committee, enhancing information transparency), and implementation status:

- (1) The Company has independent directors on the Board and an audit committee in place, and holds Board meetings and Audit Committee meetings on a regular basis. We also invite accountants/auditors to sit in on the Board meetings to help the directors have a better understanding of the global market, industry trend, and financial, accounting and tax regulations, thereby benefiting the management and operations of the Company.
- (2) The Company has amended the Company's Rules for Election of Directors, Rules and Procedures for Board Meetings, and adopted corporate governance rules, which are made available on the corporate website and on the Market Observation Post System (MOPS).
- (3) All of the Company's directors including the independent directors must meet the training hours requirement of the annual continuing education.
- (4) The Company discloses information in respect of directors' continuing education, Board meeting attendance, and remuneration of directors on MOPS .
- (5) (5) The Company posts important matters resolved by the Board of Directors, Board attendance, director profiles (including independent directors), and descriptions of the diversification independence of the composition of the Board on the corporate website.

Note 1. The names of a corporate shareholder and its representative shall be disclosed if the director or supervisor is a juristic person.

Note 2.

- (1) If a director or supervisor resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of board meetings held during his or her tenure and the number of such meetings attended.
- (2) If a director or supervisor is re-elected before the end of the accounting year, the names of the current and previous director or supervisor shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of board meetings held during his or her tenure and the number of such meetings attended.

2. The Execution of the Board's Evaluation:

The performance evaluation result of the Board and functional committee in 2021 is as follows:

*The performance evaluation result of the Company's Board and its functional committees in 2021 was reviewed and evaluated by the Remuneration Committee on March 17, 2022 and submitted to the Board on March 24, 2022 for resolution:

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content	Evaluation Result
Once a year	Evaluates the performance of the Board from January 1, 2021 to December 31, 2021	Board of Directors' performance evaluation	Chairman's overall evaluation	<ol style="list-style-type: none"> 1. Extent of participation in the Company's operation 2. Improvement in the quality of the Board's decision making 3. Composition and structure of the Board 4. Election and continuing education of the directors 5. Internal control 	<p>The weighted average score was 92.44 points.</p> <p>Overall comment: Satisfactory.</p>
Once a year	Self-evaluation from members of the Board regarding the Board's performance from January 1, 2021 to December 31, 2021	Self-evaluation by the directors	Members of the Board Self-evaluation	<ol style="list-style-type: none"> 1. Execution of the Company's goals and tasks 2. Understanding of the director's roles and responsibilities 3. Procedures for participating the Company's operation 4. Management and communication of the internal relations 5. Expertise and continuing education of the directors 6. Internal control 	<p>The weighted average score was 94.23 points.</p> <p>Suggestion and improvement item: Regularly check and review strategic objectives to respond to the rapidly changing environment.</p> <p>Overall comment: Persist in professionalism and due diligence, the Board's operation is good, normal and unimpeded.</p>
Once a year	Evaluate the performance of the Remuneration Committee from January 1, 2021 to December 31, 2021	Evaluation on the performance of the Remuneration Committee	Remuneration Committee Self-evaluation	<ol style="list-style-type: none"> 1. Procedures for participating the Company's operation 2. Understanding of the Remuneration Committee's roles and responsibilities 	<p>The weighted average score was 85.26 points.</p> <p>Overall comment: The committee actively participates in the Company's operations and</p>

Evaluation Frequency	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content	Evaluation Result
				3. Improvement in the quality of the Remuneration Committee's decision-making 4. Composition and member election of the Remuneration Committee	performs with due diligence to provide the best suggestions to the Company to assist in its management performance.
Once a year	Evaluate the performance of the Audit Committee from January 1, 2021 to December 31, 2021	Evaluation on the performance of the Audit Committee	Audit Committee Self-evaluation	1. Extent of participation in the Company's operation 2. Understanding of the Audit Committee's roles and responsibilities 3. Improvement in the quality of the Audit Committee's decision-making 4. Composition and member election of the Audit Committee 5. Internal control	The weighted average score was 94.24 points. Overall comment: Audit Committee operates effectively and independently.

Note: Executed in line with the Company's "Regulations for Performance Evaluation of the Board and Functional Committees."

(II) Implementation of Audit Committee Operations

1. The Company appoints 3 independent audit committee members, one of whom is a female independent director, in assisting the Board to supervise the Company's performance quality and credibility in accounting, audit, financial reporting process, and financial control. Please refer to Professional Qualifications of Directors and Disclosure on the Independence of Independent Directors for the professional qualifications and experiences of the Audit Committee members (Pages #19-20 in the Annual Report).

2. The major tasks of the Audit Committee in 2021 included:

Financial reports, audit and accounting policy and procedures, policy and procedures related to internal control system, significant asset or derivatives transactions, significant endorsements and guarantees, plant construction projects, qualifications and independency evaluation of the independent auditor, delegation and dismissal of the independent auditor, Performance Self-Evaluation Questionnaire of the Audit Committee, and legal and regulatory compliance.

3. The Audit Committee held 5 meetings (A) in 2021, the attendance status of independent directors was as follows:

Position	Name	Actual Attendance (B)	Attendance by Proxy	Actual attendance rate (%) (B/A) (Note 1 and Note 2)	Note
Independent Director	Hsu, En-De	5	0	100%	
Independent Director	Chen, Shuei-Jin	5	0	100%	
Independent Director	Chen, Tzu-Chen	5	0	100%	

Other Required Disclosures:

I. If Audit Committee has any of the following circumstances, the date and session number of the Audit Committee meeting, proposal contents, contents of the independent director's dissenting opinion, reserved opinion, or major suggestion, the resolution made by Audit Committee, and how the Company handled the Audit Committee's opinions shall be specified.

(I) Items specified in Article 14-5 of the Securities and Exchange Act.

Implementation Status in 2021

Date of the Audit Committee meeting	Proposal Contents	Contents of the Independent Director's dissenting opinion, reserved opinion, or major suggestion	Resolution made by Audit Committee	The Company's reactions towards Audit Committee's opinions
2021.01.28 (The 3rd session of the 2nd term)	(1) Proposal for construction of ATV plant at the Douliu Plant No. 3. (2) Proposal for the Company's endorsements/guarantees. (3) Proposal for compensations	Committee Member Chen, Shuei-Jin: Audit services from the CPAs are different from ordinary products, and a decision to replace CPAs	Proposal 1 and Proposal 2 are unanimously approved by all the Audit Committee	Resolution from the Audit Committee was unanimously approved by all the directors present at the 5th session of the

	of the Company's CPAs.	shall not be based solely on the amount of audit fees. Committee Member Hsu, En-De: The auditing quality of the current CPAs have met the relevant requirements when I served as an Independent Director previously, and therefore it is not suggested to replace the accounting firm. Committee Member Chen, Tzu-Chen: Though audit services from the CPAs are different from ordinary products, and a decision to replace CPAs shall not be based solely on the amount of audit fees, but it can be seen from this report that there is a variance between the fees proposed by the two accounting firms. Based on the stance of saving the Company's costs and maintaining the shareholders' interests, it is necessary to give the matter serious consideration. PwC shall provide a detailed explanation on the parts where its quoted prices are higher than Deloitte regarding the same work.	members present. Proposal 3 was approved by one-half of all Audit Committee members and it is decided that the CPAs will not be replaced, and the Company will continue to appoint PwC for audit services.	11th term of the Board of Directors on January 28, 2021.
2021.03.24 (The 4th session of the 2nd term)	<ul style="list-style-type: none"> (1) Proposal to discuss the Company's 2020 business report, consolidated financial statements, and individual financial statements. (2) Proposal for the distribution of the Company's 2020 earnings. (3) Proposal for the Review of Effectiveness of Internal Control System and the Statement of Internal Control System of the Company for 2020. (4) Proposal for the certifying CPAs' independence evaluation report. (5) Proposal for amendment to the Company's Articles of Incorporation. 	None.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at the 6th session of the 11th term of the Board of Directors on March 24, 2021.

	<p>(6) Proposal for amendment to amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Lending Funds to Others.</p> <p>(7) Proposal for amendment to the Company's Procedures for the Acquisition and Disposal of Assets.</p> <p>(8) Proposal for amendment to the Company's Director Election Method.</p> <p>(9) Proposal for amendment to the Company's Rules of Procedure for Shareholders' Meetings.</p> <p>(10) Proposal for amendment to the Operational Procedures for Lending Funds to Others by Cheng Shin Rubber (China) Co., Ltd..</p> <p>(11) Proposal for amendment to the Operational Procedures for Lending Funds to Others by Cheng Shin Rubber (Chong Qing) Co., Ltd.</p> <p>(12) Proposal for the Company's endorsements/guarantees.</p>			
2021.05.12 (The 5th session of the 2nd term)	<p>(1) Proposal to accept the Company's Q1 2019 Consolidated Financial Statements.</p> <p>(2) Proposal to sign the Auditor's Evaluation of Subsequent Events.</p> <p>(3) Subsequent evaluation of the due diligence valuation of derivative commodities of the Company.</p>	None.	Proposal 1 is unanimously approved by all the Audit Committee members present. Adequate evaluation data was not provided for Proposal 2 and Proposal 3, and the proposals will be re-evaluated in a subsequent meeting.	Unanimously approved by all the directors present at the 19th session of the 10th term on May 12, 2021.
2021.08.11 (The 6th session of the 2nd term)	<p>(1) Proposal to accept the Company's Q2 2019 Consolidated Financial Statements.</p> <p>(2) Proposal to sign the Auditor's Evaluation of Subsequent Events.</p> <p>(3) Subsequent evaluation of the due diligence valuation of derivative commodities of the Company.</p> <p>(4) Proposal for the Company's</p>	None.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at the 9th session of the 11th term of the Board of Directors on August 11, 2021.

	endorsements/guarantees.			
2021.11.10 (The 7th session of the 2nd term)	(1) Proposal to accept the Company's Q3 2019 Consolidated Financial Statements. (2) Proposal to establish the Company's 2022 Audit Plan. (3) Proposal for amendment to the Company's Internal Audit Implementation Rules. (4) Proposal for construction of BC tire plant at the Douliu Plant No. 3. (5) Proposal to issue unsecured general corporate bonds of the Company. (6) Proposal for the Company's endorsements/guarantees.	None.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at the 10th session of the 11th term of the Board of Directors on November 12, 2021.

(II) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

II. In regards to the recusal of independent directors due to conflict of interests, the name of the independent directors, proposal contents, the reasons for recusal due to conflict of interests and voting result: None.

III. Communication between independent directors, internal chief audit officer and CPAs (which should include the important matters, methods, and results regarding the Company's finance and operations):

1. Summary of communication between independent directors and Internal Chief Audit Officer in 2021:

Meeting Date	Discussion Points	Method	Results
2021.01.28	1. Reporting on internal audit activities.	Presentation	Report acknowledged. No further opinions were given.
2021.03.24	1. Report of internal audit findings 2. Proposal to discuss the Company's 2020 Review of Effectiveness of Internal Control System and the issuance of the Statement of Internal Control.	Presentation	Please a draft a report on any unclosed property, plants, and equipment by capital budget in each year, reasons for any unclosed account, and improvement measures by the following meeting.
2021.05.12	1. Reporting on internal audit activities.	Presentation	1. Please supplement the reason for paying US\$5,000 for reconciliation even though the tire did not experience any problems and the decision-making process involved by the following meeting. 2. The accountability framework that will be incorporated in the Company's internal control will be discussed at the following Audit Committee meeting. 3. Any unclosed auditing item will be followed up in the following meeting.
2021.08.11	1. Reporting on internal audit activities. 2. Subsequent evaluation of the due diligence valuation of derivative commodities. 3. The auditor's Evaluation of	Presentation	1. Finance Department is asked to assist in including the transaction process of unfinished construction and equipment awaiting inspection into the system procedures for control and to disclose any

	Subsequent Events.		<p>abnormalities.</p> <p>2. Chief internal auditor is asked to supervise all responsible units in drafting handling procedures regarding any transactions that do not comply with internal control.</p> <p>3. CPAs are asked to propose recommendations.</p>
2021.11.10	<ol style="list-style-type: none"> 1. Reporting on internal audit activities. 2. Report of the audit plan for the following year. 	Presentation	<ol style="list-style-type: none"> 1. For the completion date of any unclosed items in Kunshan that cannot be estimated, the units being audited are asked to provide further explanation and to confirm the reason for being unable to provide an estimated date of completion. If the units being audited cannot provide relevant information, they are requested to provide an explanation at the following Audit Committee meeting. 2. Relevant personnel are asked to report on substantial measures regarding incentives/disincentive measures related to violations of internal control at the following Audit Committee meeting.

2. Summary of separate communication between independent directors and the CPAs in 2021:

Meeting Date	Discussion Points	Method	Results
2021.03.24	<ol style="list-style-type: none"> 1. Communication with the governance unit as well as the basis and opinion of the financial report audit 2. Material findings during the review 3. CPA independence 4. Notes to financial reports 	Written report	Report acknowledged. No further opinions were given.
2021.11.10	<ol style="list-style-type: none"> 1. Communication plan. 2. Checking and verification plan. 3. CPA independence. 4. The roles and responsibilities of leading CPA 5. The roles and responsibilities of governance unit. 6. Notes to legal compliance matters. 	Presentation	Report acknowledged. No further opinions were given.

Note 1. If an independent director resigns before the end of the accounting year, the resignation date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and the number of such meetings attended.

Note 2. If any independent director is re-elected before the end of the accounting year, the names of current and previous independent directors shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of the number of Audit Committee meetings held during his or her tenure and the number of such meetings attended.

(III) Corporate Governance Implementation Status, Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles according to Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		None
II. Shareholding structure & shareholders' interests			
(I) Does the Company establish an internal operating procedure to handle shareholders' suggestions, inquiries, disputes, and litigations and implement these procedures?	V		(I) For ensuring shareholder's interests, the Company has appointed dedicated staff to handle the suggestions, inquiries, and disputes of shareholders.
(II) Does the Company possess the list of its major shareholders as well as the ultimate beneficial owners of those shares?	V		(II) The Company provides a shareholder list via a shareholder service agency and monitors the declaration system of shareholding changes of insiders.
(III) Does the Company establish and execute the risk management and firewall mechanism between affiliated companies?	V		(III) The personnel, assets, and financial management responsibilities of the Company and its affiliated companies are clearly separated. In addition to the subsidiary oversight procedures established and adopted by the Company, the internal auditors regularly monitor the implementation of such procedures.

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
(IV) Does the Company establish internal rules against insiders trading on undisclosed information?	V	(IV) The Company has established the internal rules, Management Procedures for Preventing Insider Trading, and disclosed the rules on its corporate website.	None
III. Composition and responsibilities of the Board of Directors			
(I) Does the Board develop and implement a diversity guideline for the composition of its members?	V	(I) The Corporate Governance Best Practice Principles of the Company requires that the Board composition should follow the diversity policy, focusing on divisiveness, gender equality, and the members of the Board shall be generally equipped with sufficient knowledge, skills, and competency to perform their duties. All Directors are required to engage in continuing studies courses in each year and achieve the required number of hours of study. Currently, among the 11 directors serving on the Board, 27% of all directors are concurrent employees of the Company, and two of them are female, which takes up 18%. The 3 independent directors have served in the office for less than 8 years; 4 directors are aged over 71; 3 directors are aged between 61-70; and 4 directors are aged under 60. Their areas of expertise include business, finance, industry, law, and accounting. The Company pays attention to the diversity in the composition of the directors and going forward, we have set a goal to appoint directors with expertise other than the above-mentioned as well as increase the ratio of female Directors to 25%.	(I) None.
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration	V	(II) The Company currently has no other functional committees.	(II) The Company will establish other functional committees

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
(III) Does the Company establish a standard to measure the performance of the Board and perform the evaluation annually?	V	(III) The Company has stipulated the Regulations for Performance Evaluation of the Board and Functional Committees and the evaluation is conducted once a year and completed at the end of December annually. The scope of the evaluation includes the performance of the entire Board, individual director, and the functional committee in the form of self-evaluation. The evaluation result of 2021 was submitted to the Remuneration Committee for review on March 17, 2022, and was then reported to the Board on March 24, 2022, as the reference for individual remuneration and nomination for the next term. For the performance evaluation result of the Board and functional committee, please refer to Page 36 of the Annual Report.	depending on future operation situation, scale and demand. (III) None.
(IV) Does the Company regularly evaluate the independence of CPAs?	V	(IV) The Company regularly evaluates the independence of its certifying CPAs, and has submitted the proposal to the Audit Committee and Board of Directors for discussion on March 24, 2022, and the evaluation of its CPA's independence was approved with the below items: 1. The CPAs of the Company have not worked in the Company during the two years before providing audit services. 2. The CPAs of the Company do not hold any shares of the Company. 3. The CPAs of the Company and the Company have no loan relationship. 4. The CPAs of the Company and the Company do not have	(IV) None.

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
proper legal procedures, company registration and request for change of minutes of the board meetings and shareholders' meetings)?		<p>meeting for the purpose of planning and drafting the meeting agenda, and notify all the directors of the meeting at least 7 days before the meeting and provide them with appropriate information regarding the meeting so that the directors may be aware of the proposals. If any of the proposals involve stakeholders that require recusal, a reminder shall be given to such persons prior to the meeting.</p> <ol style="list-style-type: none"> 2. Arrange the annual continuing education for the directors and share the internal legal and regulatory compliance matters with the directors quarterly and inform them of the amendments of the relevant laws and regulations on an ad hoc frequency. 3. Register the date of the shareholders annually as required by the law, prepare and file meeting notice, handbook, and minutes within the prescribed period, and file for change of information when the Articles of Incorporation is amended or after a re-election of directors. 4. Promote the quality of corporate governance practices for the sustainable development of the Company by formulating guidelines based on the indicators provided by the corporate governance evaluation system, thereby building a culture of corporate governance. <p>(II) The performance in 2021 is as follows:</p> <ol style="list-style-type: none"> 1. Assisted the directors in business management and 	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
		<p>Summary</p> <p>provided the information requested by the directors.</p> <ol style="list-style-type: none"> 2. Assisted the Board and the shareholder meeting in legal and regulatory compliance resolution matter and made filing for change to the competent authority within the time limit. 3. Assisted the directors to arrange the directors' continuing studies courses in 2021. 4. Communicated with the directors whenever required so that the directors understood the Company's operation. 5. Completed the renewal of the directors' and important staff's liability insurance. 6. Sought each director's opinion to draft the agenda before the Board meeting and completed the Board meeting minutes and delivered them to the directors in accordance with the regulation. 7. Filed for registration of the shareholder meeting date, the Annual Report, the notification of the shareholder meeting, the agenda handbook, and the meeting minutes in accordance with the regulations. <p>(III) The annual continuing education is as follows:</p> <ol style="list-style-type: none"> 1. Attended the "Exploring Corporate Management and Relevant Taxation System" held by the Taiwan Corporate Governance Association from May 12, 2021 to May 12, 2021 with a total of 3 hours. 2. Attended the "Sustainable New ESG Economics" held by the Taiwan Corporate Governance Association 	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons for Deviations
	Yes	No	
		<p>from November 10, 2021 to November 10, 2021 with a total of 3 hours.</p> <p>3. Attended “13th Taipei Corporate Governance Forum” held by the Financial Supervisory Commission from September 1, 2021 to September 1, 2021, with a total of 6 hours.</p>	
V. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) or created a stakeholders section on its corporate website? Does the Company promptly respond to the concerns of stakeholders regarding important corporate social responsibility issues?	V	<p>The Company has a "Corporate Sustainability" section and a "Stakeholders" section on our corporate website, and has been publishing and filing the corporate sustainability report (formerly known as the Corporate Social Responsibility Report before 2020) report every year.</p> <p>Moreover, we also post activities related to corporate sustainability on our Facebook Page (https://www.facebook.com/MaxxisTaiwan/) and Youtube channel (https://www.youtube.com/channel/UCp4E54RFmqpXH0EdCdipNvQ), in order to encourage communications and interactions with stakeholders.</p> <p>Moreover, e-mail accounts have been created on the website for banks that we have regular transactions with, as well as other creditors, employees, customers, and suppliers; we maintain open communication channels and respect their lawful rights.</p>	None
VI. Does the Company appoint a professional shareholder service agency to handle shareholder affairs?	V	<p>The Company designates Yuanta Securities Co., Ltd. to handle shareholder affairs.</p>	None
VII. Information Disclosure (I) Does the Company have a corporate website to disclose information of	V	<p>(I) The Company has set up a corporate website, which is maintained and updated by designated staff members and</p>	(I) None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
<p>financial standing, business and the status of corporate governance?</p> <p>(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and making the process of investor conferences available on the corporate website)?</p> <p>(III) Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?</p>	V	<p>discloses information regarding the Company's financial and business information for the public and shareholders' reference.</p> <p>(II) The Company has established a spokesperson system to ensure information that likely affects shareholders and stakeholders' decisions are properly disclosed in a timely and proper manner. We also have designated staff members to maintain our corporate website in order to provide up-to-date investor information, such as audio, video, and text files of the investor conferences, financial statements, and Annual Reports in both Chinese and English.</p> <p>(III) The Company publicly announced and filed the first, second, and third quarterly financial reports of 2021 three to eight days ahead of the required deadline.</p>	<p>(II) None.</p> <p>(III) The Company will further improve the financial statements and operations announcement process to improve information transparency and to give earlier notice to shareholders.</p>
<p>VIII. Is there any other important information that facilitates a better understanding of the company's corporate governance practices (e.g. including but not limited to employee rights, employee wellbeing, investor</p>	V	<p>(I) Employee benefits and care: (1) The Employee Welfare Committee meets regularly and adopts and implements benefits and allowance programs. It is our commitment to look after the welfare of our employees. We also partner with various stores near our offices to provide special offers or employee discounts.</p>	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation standards, the implementation of customer policies, and purchasing of liability insurance for directors and supervisors)?		<p>Furthermore, we have set up a Food Committee to help our employees maintain a healthy lifestyle and to enhance our food safety management.</p> <p>(2) We also offer a variety of welfare programs to our employees, including: Mandatory insurance coverage; Regular physical examinations, health education and tips, and consolation payment to hospitalized employees; Recreation and fitness facilities and sports events; Convenience stores in the factories, company uniforms, free parking, and employee housing. Our overseas offices also offer free meals, pre-paid round trip plane tickets to Taiwan, and rides to and from the airport.</p> <p>(3) Onsite medical consultation: Once a month, we have doctors and nurses onsite to provide employees health and medical services.</p> <p>(II) Investor relations: The Company maintains positive interactions with investors and communicates with them via email, onsite visits, and phone interviews. To maintain good communications and interactions with the investors, suggestions and opinions from investors are also provided to senior management and relevant units for consideration and proper response is also given on a timely basis.</p> <p>(III) Supplier relations: The Company has always managed relations with raw material suppliers by treating them as partners. We pursue close-knit, long-term partnership with suppliers based on the concept of teamwork, and have set up stringent review procedures, including product verifications,</p>	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
		Summary	
		<p>qualification reviews, and onsite plant visits and audits, on the suppliers as the basis for supplier review and approval.</p> <p>(IV) Rights and interests of shareholders: To formulate fair channels of communication with stakeholders, the Company has set up a Stakeholder page on its corporate website and is committed to topics of stakeholders' concern. We undertake stakeholder engagement and communications via different channels and platforms with the seven major stakeholder groups of Cheng Shin, including customers, shareholders, employees, the community, government institutions, suppliers, and transacting financial institutions.</p> <p>(V) Directors' continuing studies: Please refer to page 77-81 of this Annual Report.</p> <p>(VI) Implementation status of the risk management policy and risk evaluation standard: For the operational risks the Company may face, we implement thoroughly at the system level, and design emergency response mechanisms for specific situations. For details, please refer to Pages 324-329 of this Annual Report.</p> <p>(VII) Implementation status of customer policy: The Company has set up post-sale service and customer service section on our website (website: http://www.cst.com.tw). The Company's distributors nationwide also provide consumers with consultation and complaint channels.</p> <p>(VIII) Directors' liability insurance and social responsibilities: The Company has added a clause to the Articles of Incorporation in accordance with Articles 39 and 50 of Corporate</p>	None

Evaluation Items	Implementation Status		Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons for Deviations
	Yes	No	
			None
		<p>Governance Practice Principles which provides that the Company shall purchase liability insurance to cover the liabilities incurred by the directors under the law while they perform relevant duties during their tenures. The relevant implementation is also reported to the Board of Directors. The liability insurance for the directors in 2022 has been covered and reported to the Board of Directors on January 18, 2022.</p> <p>(IX) The Company's social responsibilities: In addition to focusing on the business development, the Company has also made long-term investment in corporate social responsibilities such as consumer rights and public interest, and give back to the society as it sees fit.</p>	
<p>IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved. (Not applicable for the excluded companies)</p> <p>The Company's score in the 8th corporate governance evaluation, which was announced in April 2022, was 74.67 points (first 36%-50% percentile among listed companies). In terms of our main achievements, we obtained external verification of the overall greenhouse gas emissions data, and we also completed the disclosure of the English version of the quarterly financial statements, annual report, and shareholders' meeting handbook, and enhanced the implementation of corporate social responsibility. Under our corporate governance blueprint, we will continue working towards strengthening the following two areas: "Improving Information Transparency" and "Enhancing Board Composition and Function" in order to enhance the overall level of our corporate governance.</p>			

(IV) Composition, Responsibilities, and Operations of the Remuneration Committee

1. Roles and responsibilities of the Remuneration Committee Review directors and managers' annual and long-term performance targets and the policies, systems, standards, and compositions of salary and bonus on a regular basis in line with the Regulations for Performance Evaluation of the Board and Functional Committees; regularly evaluate the implementation status regarding directors and managers' performance targets, and determine individual contents and amount of salary and bonus.
2. Composition of the Remuneration Committee: The Remuneration Committee of the Company was established on July 19, 2011. As of February 28, 2022, information of the Remuneration Committee members are as follows:

ID (Note 1)	Criteria Name	Professional Qualifications and Experiences (Note2)	Independence Criteria (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director (Remuneration Committee: Convener)	Chen, Shuei-Jin	Professional Qualifications: 1. Obtained Certified Public Accountant certification. 2. An instructor in a department of commerce, finance, accounting, or other academic department related to the business needs in a public or private junior college, college, or university. 3. Professional experience in commerce, finance and accounting, and currently employed by the Yuan Sheng Accounting Firm. Experiences: 1. CPA, Deloitte Taiwan. 2. CPA, Deloitte & Touche. 3. Adjunct Lecturer, Department of Industrial Management, Nan Kai University of Technology.	None of the Company's independent directors are involved in any of the matters listed below and all have met the criteria for independence: 1. None of the categories stated in Article 30 of the Company Act. 2. In line with "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange", the person is not involved in any condition stipulated in Clause 5 to 8 of Article 6-1 two years prior to his/her appointment and during his/her term of service. 3. Compensations received for provision of commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years: None.	3
Independent Director	Chen, Tzu-Chen	Professional Qualifications: 1. Professional and qualified attorney. 2. Legal background and experience, has served as a Judge for the Taiwan Taipei		0

		District Court. Experiences: 1. Judge, Taiwan Taipei District Court. 2. Judge, Judge, Taiwan High Court. 3. Judge, Taipei High Administrative Court.	
Others	Lin, Chieh-Chung	Professional Qualifications: 1. Professional and qualified physician. 2. Has working experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company and is currently employed by Taichung Veterans General Hospital. Experiences: 1. 6th term of President of Taiwan Society of Pediatric Gastroenterology, Hepatology and Nutrition. 2. Director, Taiwan Pediatric Association. 3. Attending Physician, Department of Pediatrics, Taichung Veterans General Hospital.	0

- Note 1. Please specify the relevant years of work experience, professional qualifications, and status of independence of each member of the Remuneration Committee in the table. In case the person is an independent director, “please refer to Page XX for profile on the directors” may be denoted, and please fill in either independent director or others in the ID column (please mark convener if the person is convener of the committee).
- Note 2. Professional Qualifications and Experiences: Please specify the professional qualifications and experiences of each member of the Remuneration Committee.
- Note 3. Independence Criteria: Please specify whether conditions of independence have been met, including but not limited to: whether the Independent Director, the person’s spouse, or relative within the second degree of kinship have served as a Director, Supervisor, or employee of the Company or its affiliates; the number and ratio of the Company’s shares held by the person, the person’s spouse, relatives within the second degree of kinship, or held by the person under other’s names; whether the person has served as a Director, Supervisor, or employee in a company with specific relations with the Company (refer to regulations from Items 5 to 8 in Article 6-1 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); and compensations received for providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.

3. Operation Status of the Remuneration Committee:

The Remuneration Committee of the Company has a total of 3 members. The tenure of the current Remuneration Committee members is from August 11, 2020, to June 15, 2023. A total of 3 (A) Remuneration Committee meetings were held in 2021. The titles and attendance record of the Remuneration Committee members were as follows:

Position	Name	Actual Attendance (B)	Attendance by Proxy	Actual attendance rate (%) (B/A) (Note)	Note
Committee Member (Convener)	Chen, Shuei-Jin	3	0	100%	
Committee Member	Lin, Chieh-Chung	3	0	100%	
Committee Member	Chen, Tzu-Chen	3	0	100%	

Other Required Disclosures:

I. If the Board of Directors declines to adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, proposal contents, details of the resolutions by the board of directors, and the Company's response to the opinions of the Remuneration Committee shall be specified:

Implementation Status in 2021

Remuneration Committee	Proposal Contents	Resolution result of the Remuneration Committee	The Company's Response to the opinions of the Remuneration Committee
2021.01.26 (The 2nd session of the 4th term)	(1) Proposal for the Company's plan of distributing managers' year-end bonus and remuneration. (2) Proposal to appoint and change managerial officers of the Company in 2021.	For the resolution of Proposal 1, since operating profits had significantly grown in 2020 compared with 2019 and 2018, Committee Member Chen, Shuei-Jin and Committee Member Lin, Chieh-Chung suggested that the ratio of the 2020 managers' year-end bonus shall follow the standard in 2018, and to adjust the bonus appropriation based on performance. Committee Member Chen, Tzu-Chen suggested to respect the Company's proposal to follow the 2019 standard, and to adjust the bonus appropriation based on performance. Submitted to the Board of Directors for resolution based on the aforesaid results. Proposal 2 was unanimously approved by all the Audit Committee members present.	Proposal 1 was unanimously approved by all the directors present at the 5th session of the 11th term of the Board of Directors on January 28, 2021, the 2020 managers' year-end bonus shall follow the standard in 2018, and to adjust the bonus appropriation based on performance. Proposal 2 was unanimously approved by all the directors present at the 5th session of the 11th term of the Board of Directors on January 28, 2021.

2021.03.17 (The 3rd session of the 4th term)	(1) Proposal for 2020 directors' and employees' remuneration distribution plans of the Company. (2) Proposal for performance evaluation reports on the Board of Directors and the Audit Committee of the Company.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at the 6th session of the 11th term of the Board of Directors on March 24, 2021.
2021.07.01 (The 4th session of the 4th term)	(1) Proposal for 2020 directors' remuneration distribution. (2) Proposal to appoint and change managerial officers of the Company in 2021.	Unanimously approved by all the Audit Committee members present.	Unanimously approved by all the directors present at the 8th session of the 11th term of the Board of Directors on July 7, 2021.

II. If there are resolutions of the Remuneration Committee to which members object or express reservations, and for which there is a record or declaration in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion shall be specified:

None.

Remuneration Committee	Proposal Contents	Opinions from all members of the Remuneration Committee	The Company's Response to the opinions of the Remuneration Committee
2021.01.26 (The 1st session of the 4th term)	Proposal for the Company's plan of distributing managers' year-end bonus and remuneration.	<ol style="list-style-type: none"> Since operating profits had significantly grown in 2020 compared with 2019 and 2018, Committee Member Chen, Shuei-Jin and Committee Member Lin, Chieh-Chung suggested that the ratio of the 2020 managers' year-end bonus shall follow the standard in 2018, and to adjust the bonus appropriation based on performance. Committee Member Chen, Tzu-Chen suggested to respect the Company's proposal to follow the 2019 standard, and to adjust the bonus appropriation based on performance. 	Resolution from the Audit Committee was unanimously approved by all the directors present at the 5th session of the 11th term of the Board of Directors on January 28, 2021, the 2020 managers' year-end bonus shall follow the standard in 2018, and to adjust the bonus appropriation based on performance.

Note:

- Where a committee member may be relieved from duties before the end of the fiscal year, please specify the date of his/her discharge in the "Remarks" Section. His/her actual attendance rate (%) to the committee meeting shall be calculated based on the number of meetings called and actual number of meetings he/she attended, during his/her term of office.
- If a Remuneration Committee member is re-elected before the end of the accounting year, the names of current and previous members shall be listed and their appointment status and re-election date shall be noted in the "Remarks" column. His or her attendance rate (%) will be calculated on the basis of number of Remuneration Committee meetings held during his or her tenure and number of such meetings attended.

(V) Implementation of Sustainable Development and Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Implementation Item	Implementation Status		Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
I. Does the Company have a governance structure that promotes sustainable development, and set up dedicated (or ad-hoc) sustainable development units, with Board of Directors authorization for senior management which reports its supervisory status to the Board of Directors?	V		<p>The Company has established and promoted a dedicated department for sustainable development in 2014, assigning the Planning Department as its dedicated department. Moreover, upon resolution from the Board of Directors on January 18, 2022, the unit was renamed the “ESG Promotional Team”, and Director Huang, Chung-Jen has been assigned as its convener by the Board. The team oversees four major groups, namely, Corporate Governance, Social, Environmental, and Product, which are comprised of managers from the Finance Department, HR Department, Marketing and Planning, Administration Department, and R&D Department from each plant to fuse the concept of sustainable management into the Company’s business strategies, practice governance in the Company’s operations, and to achieve a sound risk management mechanism. This would help the Company to actively deal with and control risks that shall be taken into consideration during operational processes, and to achieve sustainable management in order to create sustainable management and development. In addition, we publish the CSR Report in each year. The contents and future plans to be included in the 2021 Sustainable Development Report was reported to the Board meeting on March 24, 2022, and the Board of Directors also supervises the team to practice environmental protection and energy conservation and to strengthen the overall management based on the philosophy of ESG.</p> <p style="text-align: center;">None</p>

<p>II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?</p>	<p>V</p>	<p>The year of current disclosure is for information in 2021 and the scope of which includes all branches and plants in Taiwan and subsidiary "Cheng Shin Rubber (China) Co., Ltd." Following the materiality principle, the Company has conducted risk assessment for relevant important topics and established various internal regulations based on the assessed risks. Based on the types of individual risk factors, the competent units within the Company have carried out risk management at different levels and developed various controls, and at the same time conduct these controls, in order to minimize the uncertainty of business operations. The Company has also paid attention on climate change, energy, resource and other relevant issues and set goals and regularly reviewed the results of the implementation. Please find the relevant established policies and procedures of risk management at pages 324-329.</p>	<p>None.</p>
<p>III. Environmental Topics (I) Has the Company set an environmental management system designed to industry characteristics?</p>	<p>V</p>	<p>1. The Company implements the ISO 14001 Environmental Management System, in which the Safety and Health Department is responsible for implementing environmental management policies, assisting in promoting voluntary greenhouse gas reduction plans, establishing an enterprise environmental management system, committing to product designs that conform to environmental protection concepts, improving equipment and working environment to reduce exhaust gas, waste water, noise, waste generated in the process and save energy, properly proceeding with recycling, and strengthening industrial safety advocacy, and continuing the preventions and controls of various pollution. Additionally, each year, an external audit is conducted to ensure the effectiveness of our management system. 2. Third-party management system assurance (Metal Industries Research & Development Centre) for ISO 14001:2015 version update has been obtained on November 14, 2020 for the Company's Taiwan operations. External follow-up review has been carried out from September 13, 2021 to September 15,</p>	<p>None</p>

			2021, and the certificate is valid until November 13, 2023. Third-party management system assurance (Hangzhou Wantai Certification Co., Ltd.) for ISO 50001:2018 Energy Management System version update has been obtained on December 2, 2020 for the Company's China operations, and the certificate is valid until December 1, 2023. Energy saving, resources recycling, operation safety and pollution prevention are the Company's core principles. The Company also promotes the 5S management activities in every aspects and regularly examines the environmental performance of each department.	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		Since a tire's fuel efficiency is highly relevant to our environment, we use light-weight designs and implement material simplification to reduce the weight of tires and the amount of semi-finished materials when developing new products. These design methods not only enhance the fuel-efficiency of tires, but are also highly effective in reducing the waste produced during the manufacturing process. In light of these benefits, we have been promoting low rolling resistance tires and increasing production efficiency in our product development, thereby making contribution to environment sustainability. The materials we use fully comply with EU regulations and the requirements of major car assembly factories on environmental protection, and all of our manufacturers are required to submit third-party testing reports from REACH and ROHS. In addition, we only use eco-friendly process oils with reduced aromatic hydrocarbons, and any raw material (e.g., process oil, synthetic rubber) used in the production process should be accompanied by a third-party-issued PAHs testing report.	None
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take relevant response measures?	V		To respond to the risks and impact posed by the extreme climate, the Company has asked the ESG Promotional Team to call on the responsible staff of each department to work in groups to identify the material climate risk issues related to the Company in accordance with the materiality principle and Task Force on Climate-Related Financial Disclosures (TCFD) and analyze the	None

<p>(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set greenhouse gas emissions reduction, water usage reduction and other waste management policies?</p>	<p>V</p>	<p>impact level and opportunities. Through the identification of the physics and transition risks, the matrix of climate change risks and opportunities is drawn and the climate change core actions and strategies aiming at the material risks are stipulated to take risk countermeasures, reinforce the Company's adaptability to the extreme climate and lower the risks. Meetings are held regularly to review the effectiveness of the mitigating measures to stipulate standardized procedures and shorten the response time of handling similar risk in the future.</p>	
		<p>1. Both the Company's main plant and Dou Liu plant have received the Energy Efficiency and Carbon Reduction Marks from the Environmental Protection Administration. In March 2017, Dou Liu 2nd plant became the 78th factory (and the first in the rubber product manufacturing industry) in Taiwan to have received the Clean Production Evaluation System Certification from the Industrial Development Bureau. In July 2018, we underwent a follow-up audit by the Industrial Development Bureau.</p> <p>2. Under the Greenhouse Gas Reduction and Management Act, the Company's main plant is the only manufacturing facility that is required to conduct greenhouse gas emission inspection and registration (with an annual fossil fuel emission of more than 25,000 t-CO₂e). This year, the Company has participated in the greenhouse gas emission reduction initiative promoted by the Industrial Development Bureau, and received a certificate from a third-party validation and verification agency AFNOR. The agency verified the greenhouse gas emission from the main plant in the last three years: 2021: 68,856.005-Co₂e, which was 3.9% lower than 2020; 2020: 71,662.370-Co₂e, which was 10.3% lower than 2019; and 2019: 79,862.905-Co₂e, which was 4.2% lower than in 2018. We will strive to continue this annual decrease going forward.</p> <p>3. The Company's GHG reduction policy is formulated in line with the ISO 14064-1: 2006 Quantification and Reporting of</p>	<p>None</p>

GHG emissions at the Organizational Level. We voluntarily disclose GHG emissions in each year, and the GHG emissions in the past two years are listed as below: Compared with 2020, the emissions in 2021 have been reduced by 9.9%.

Greenhouse Gas Emission (t-CO2e)	2020	2021
Category I: Direct Emission	54,180	44,396
Category II: Energy Indirect Emission	117,352	110,088
Total	171,532	154,484

4. Water use management policy is formulated in accordance with the ISO 14001 Environmental Management system: The boilers use RO purified water, the residual water is used by the manufacturing process, and the water used by the manufacturing process is recycled, with the goal of regulatory compliance in mind to reduce the water used by the manufacturing process and wastewater discharge. The source of water includes running water and groundwater. The wells extracting groundwater have all obtained the certificates of water right and their extraction follows the permitted volume. The total volume of water usage in 2021 was slightly lower than that of 2020.

Water Resources Usage (ton)	2020	2021
Running Water	455,954	288,722
Groundwater	626,048	790,964
Total	1,082,002	1,079,686

Wastewater Discharge Volume	2020	2021
Mainly Daily Life and Cooling Water	448,307	555,293

Note: The wastewater volume of the plants in Taiwan is measured by the flowmeter on the facilities. The flowmeter is regulated by the environmental protection regulations in Taiwan and calibrated by the qualified verification third-party once a year.

5. The waste management policy made by the Company is in accordance with the "business waste disposal proposal" permitted by the local environmental protection authority. A

qualified waste disposal company verified by the competent authority is commissioned to handle the Company's waste disposal. The employees' awareness in recycling has been raised so that the waste items and containers are recycled to the extent possible to reduce the waste disposal types and volume. The recycling system has been properly set up. The recycling companies are commissioned according to categories defined by the public announcement to handle the Company's recyclable waste. The disposable tableware use has been reduced by giving the employees personal tableware and asking the restaurant to use the reusable stainless tableware. All items are maintained regularly to extend their use and the environmentally friendly consumables and raw materials are introduced step by step. Total waste disposal in 2021 was 32.94% lower than that of 2020.

Waste Type (ton)	2020	2021
Daily Life Business Waste	552	313
General Business Waste	5,273	3,617
Toxic Business Waste	41	3.69
Total	5,866	3,934

6. The air pollutants in the tire industry mainly comes from the waste gas emission during the manufacturing process and the boiler use. With regard to the handling of VOCs and bad odor, we have added that water cleansing towers and photocatalyst system at the end of the mixture manufacturing process to effectively reduce the VOCs emission and the spread of odor, increased pipe end processing efficiency and conducted close monitoring, and upgraded the waste gas processing facilities. The air pollutant emissions in the past two years is as follows:

Pollutant Type (ton)	2020	2021
Oxysulfide	0.02	0
Nitrogen Oxides	46.66	49.14
Volatile Organic Compounds	126.1	139.22
Particulates	0.93	1.11

			Total	
IV. Social Topics (I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	V	7.	<p>Energy-saving goals: The Company has established an energy management organization to set the energy conservation goals and action plans annually. Currently, the Company follows the energy-efficient settings recommended by the Ministry of Economic Affairs, which is aimed to reduce energy use by 1% from the year before. The energy conservation measures taken by the Company include: Replacing old models of motors with energy-efficient motors, selecting energy-efficient light fixtures, recovering waste heat from the water heating system, replacing the AC systems, etc. Investments toward energy-conserving measures in 2021 amounted to NT\$1,730 thousand, and 4,966 thousand kWh of energy was conserved.</p>	189.46
		1.	<p>Below please find the Company's policies and procedures in compliance with regulations and internationally recognized human rights principles: * The Company follows the International Bill of Human Rights. In accordance with the "Responsible Business Alliance Code of Conduct," the Company sets its "Responsible Business Alliance Code of Conduct regarding Labor Profile and Business Ethics" and prescribes the following procedures in its management policy: "Prohibition of Child Labor and Misuse Remedy Management Procedure", "Anti-Discipline, Anti-Forced Labor, Anti-Prisoner Management Procedure", "Student, Interns and Part-Time Workers Management Procedure", "Anti-Discrimination Management Procedure", "Whistleblower Protection and Anti-Retaliation Management Procedure", "Privacy and Confidentiality Management Procedure", etc. The Company regularly reviews and assesses the relevant policies and procedures, and incorporates these policies and procedures into the 3-hour training programs for the new employees. The Company did not hire any underage workers, and we have not received any reports of child labor. Under the Labor Standards Act in Taiwan, forced labor is prohibited; the same applies to</p>	None

			<p>expatriate employees. One of the items under our annual raw material supplier audit also prohibit suppliers from hiring child labor, and their employee recruiting and hiring process should comply with the Labor Standards Act. In 2021, there were no violations by our suppliers.</p> <p>2. To elevate work efficiency, improve work conditions and strengthen harmony between employees and employer, the Company has set up the labor union in accordance with the local regulations. The employees are all protected by the collective agreements signed by the Company and the labor union. As of December 31, 2021, a total of 2,400 employees, or 45.6% of the total employees, have joined the labor union.</p>	
(II)	Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and other benefits), and properly linked operational performance or achievements with employee salary and compensation?	V	<p>The Company has established a reasonable salary remuneration policy and, subject to the annual business performance, granted remuneration based on the achievement rate of individual employee's performance and the employees' evaluation results of his or her contribution to the Company's performance. The Company has regularly held educational training programs for the employees to enhance their understanding of corporate ethical values, in order to inspire employees to grow along with the Company. For the welfare of our employees, we provide benefits in addition to salaries to our employees that are more preferential than what's required under the law. For details, please check page 121~122.</p>	None
(III)	Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V	<p>1. In order to implement the establishment and verification of the occupational safety and health management system, all units are invited to participate in the implementation organization, in which the CEO serves as a chairman. Each department has to assign a person responsible for the implementation, and jointly forms an implementation team to incorporate the system requirements into daily management projects. Such team was established in October 2015, led by a management representative to declare the determination to establish a management system, and subsequently completed the</p>	

		<p>implementation of the personnel education and training, the early risk assessment, the determination of the occupational safety and health management system goals and objectives, the documents issuance for occupational safety and health management system, the verification and confirmation of the occupational safety and health management system performance (internal audit) and the external assessment and verification of the occupational safety and health management system. The Company received a third-party management system OSHAS18001: 2007 from Metal Industry Research and Development Centre in March 2019 and such certification is valid as of March 11, 2021. ISO45001: 2018 was released in March 2018 and, accordingly, the Company began to proceed with the revision at the end of 2018 and completed the ISO45001: 2018 Conversion Certification in April 2019 and such Certification is valid as of March 2, 2022. The Company also successfully received Certification ISO45001 and Certification CNS45001. The previous external follow-up inspection was conducted in May 2021.</p> <p>2. The safety devices of the machinery and equipment are inspected by the operators daily before operation. Dangerous machinery and equipment are routinely inspected each year. The health and safety officers daily perform onsite inspection and conduct auditing from time to time, and write up a checklist of safety improvements in the case of any violations. Every six months, the Company conducts an assessment on the operating environment.</p> <p>3. Each new employee is required to participate in a general health and safety educational training; an advanced training is also provided based on the type of machinery and equipment he/she will be operating once he/she arrives at the operating site. The Learning and Development Division under the HR Department have trainings and seminars regarding health and safety from time to time for employees to participate in. Regulations related</p>

None

		<p>to health and safety, environmental protection, training information, and SDS downloads are also made available by the Safety & Health Department on the Company's intranet.</p> <p>4. Each year in July, we offer health checkups to our employees pursuant to the Labor Health Protection Act at selected hospitals. Employee health checkups include general (for all employees) and specialized health checkups (for employees who work in hazardous environment). In 2021, the number of employees who received specialized health checkups were 761. Employees with abnormality found in their chest X-ray, or cholesterol level, blood pressure or blood sugar level above normal range will be notified for a follow-up appointment. In addition, the Company specially provide the logistics drivers with the annual checkups for night vision, visual field, electrocardiogram and heart-related functions, so as to prevent driving accidents caused by health factors.</p> <p>5. The Company has invited a contract physician to organize employee healthcare seminars, promote a smoke-free workplace, put up health promotional posters, promote flu vaccinations, and to organize group COVID-19 vaccinations for migrant workers. In 2021, doctors from thoracic and cardiovascular division from Changhua Christian Hospital were invited to organize “Lung Cancer: Dangers of Indoor Air Pollution”. Two sessions were originally scheduled, but due to the pandemic, only one session was held. In addition, the Company also collaborated with local health departments to organize flu vaccinations for employees. One session each was held for Douliu Plant and the main plant, and 2 sessions of COVID-19 vaccines were held for migrant groups.</p> <p>6. In accordance with the published data on Frequency-Severity Indicator across all industries from the Occupational Safety and Health Administration, Ministry of Labor, for the rubber and plastics manufacturing industry: Disabling Injury Frequency Rate (FR): 2.42; Disabling Injury Severity Rate (SR): 187;</p>
		None

			<p>Frequency-Severity Indicator (FSI): 0.67. The Company had 11 incidents of occupational hazards that required employees to be away from work in 2021; total number of employees involved in such incidents was 11 (accounting for 0.2% of the total number of employees as of December 31, 2021); and a Disabling Injury Frequency Rate (FR): 1; Disabling Injury Severity Rate (SR): 28; Frequency-Severity Indicator (FSI): 0.16, which was far lower than the industry average. In accordance with the Company's rules, the unit where the occupational hazard occurs is required to fill out an Occupational Hazard Investigation Form to research its cause and to draft improvement measures for review and follow-up. All occupational hazard incidents have been improved.</p>	None
(IV) Has the Company established effective career development training plans?	V		<p>The Company is dedicated to creating a continuous and abundant learning environment. Each year, its employees participate in educational training regarding vocational development for enhancing their capabilities in respect of career development. Please refer to the relevant items of educational training and required hours on page 123-125 of the Annual Report.</p>	None
(V) For issues regarding customers' health and safety, privacy, sales, labeling, does the Company's product and service comply with related regulations and international rules and set policies to protect consumers' and customers' rights and provide an appeal procedures?	V		<p>"Quality first, customers satisfied" is the Company's core competitive strategy for its products. With respect to the internal regulations on the products' qualities, the Company implements Total Quality Management (TQM) from Japan and acquires ISO9001 and IATF16949 certifications for quality management systems, and establishes the Quality Department to promote Company's quality management. Automotive markets around the world have tire labeling requirements in order to help consumers pick out tires that are suitable for their use. Our products are sold around the world and are in compliance with applicable product labeling regulations in the countries/regions of distribution. Due to environmental and safety considerations, each region and country have adopted tire labeling regulations, mainly governing rolling</p>	None

	<p>noise, wet grip capacity, and rolling resistance of the tires. For passenger car, light truck and truck/bus tires, manufacturers must put a sticker on the tire tread that includes information of the tire's level of rolling noise, wet grip, and rolling resistance. Our tires sold to all the regions and countries are in compliance with applicable regulations. The Company has disclosed its advertisement and labeling information of the products and services on the corporate website, and all the certifications and awards received for regulatory compliance can be found in the "About Maxxis" section (http://www.cst.com.tw). The Company has a "Stakeholders" section as well as a post-sale service department and a customer service web page on our website (http://www.cst.com.tw). The Company's distributors nationwide also provide consumers with consultation and complaint channels.</p>			
	<p>1. The Company has a rigorous review process for its suppliers, which include product verification, qualification review and on-site visits. In the environmental aspect, the Company places particular emphasis on compliance with EU's Restriction of Hazardous Substances Directive 2002/95/EC (RoHS) and chemical safety and material composition regulations (REACH) - Regulation (EC) No 1907/2006 European Union Special Mention Substance and Material Component (SHVC) (such as the International Material Data System (IMDS)). In the labor and human rights aspect, we pay close attention to suppliers' recruitment, training, and health, and comply with various international treaties and local labor laws from Responsible Business Alliance (RBA). In terms of ethical standards, we conduct reviews by focusing on prohibitions against conflict minerals, while in terms of social responsibilities, we adhere to and promote the Global Platform for Sustainable Natural Rubber (GPSNR) policy.</p> <p>2. We grade the supplier evaluation results into four tiers, namely A, B+, B, or C. Re-evaluation will be conducted on the approved suppliers based on their delivery quality and</p>	V	<p>(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?</p>	None

		<p>performance in a year, and a further re-evaluation will be conducted at least once every three years for all suppliers that receive A scores in each year. To ensure the continuous improvement in the quality of suppliers, the re-evaluation process of existing suppliers is exactly the same as the new supplier approval process.</p>	None
	3.	<p>In addition to this evaluation process, the raw material suppliers are required to provide quality laboratories or third-party inspection reports for each batch of goods. After entering the factory, the Company will conduct batch inspections or random inspections to ensure the quality of raw materials. The Company specifies damages and termination clauses in contracts with the suppliers regarding the suppliers' breaches of their social responsibilities and ethical operations. If a breach occurs by any of the suppliers, the Company will no longer do business with such supplier.</p>	
	4.	<p>The Company requires all suppliers to observe the Responsible Business Alliance (RBA) standards, abide by RBA and sign the letter of commitment. The Company's internal employees should sign the Letter of Commitment on Clean Practice for Employees to prevent abuses and combat corruption.</p>	
	5.	<p>To ensure the timely raw material supply to production and operation, the Company has worked out the internal management procedure for the implementation of the Emergency Response Plan. Moreover, the Company decides an emergency topic based on the external climate change and organizes an emergency response drill. In 2021, the Company implemented 2 drills, which were: 1. Drill of manufacturers' business suspension due to the impact of COVID-19 pandemic; 2. Annual regular drill.</p>	
V.	Does the Company refer to international reporting rules or guidelines to publish Sustainable Development Report to disclose non-financial information of the	1. The Company has followed the internationally accepted preparation guidelines (GRI Standard) and referred to the Sustainability Accounting Standards Board (SASB) in preparing the Sustainable Development Report. Prior to	None

<p>Company? Has the said Report acquire third-party certification party verification or statement of assurance?</p>		<p>publishing the report, the ESG Promotional Team and relevant units will confirm the validity and accuracy of its information.</p> <p>2. The Company has not yet acquired a verification or a statement of assurance from third-party certification.</p>	
<p>VI. If the Company has established its Sustainable Development Code of Practice according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the policies and its practices: The Board of Directors has approved the amendment of “Corporate Social Responsibility Best Practice Principles” into the “Sustainable Development Best Practice Principles” on March 24, 2022 and implements according to these principles. The relevant operations and principles have been reviewed and improved, and no discrepancies have been found.</p>			
<p>VII. Other important information which facilitates a better understanding of the Company’s promotions of sustainable development practices: Upholding the concept of “Building A Better Society”, Cheng Shin commits itself to charity and social philanthropy, continues to integrate internal and external resources, and fulfills its corporate social responsibilities. We are involved in social philanthropy in multiple manners, through industry-academy cooperation, sports sponsorship, arts and cultural promotion, educational support, and community feedback, we actively participate in charity activities, caring for the community, and giving back to the society. With regards to the care for the underprivileged, we provided free meal boxes for the disadvantaged groups, poor families, and the elderly living alone. We donated the luggage trolleys at several airports and ports around Taiwan. As for education, we provided all kinds of scholarships and student aids to encourage students to realize their potential of continuing their educations. In addition, Cheng Shin’s donation to the public can be seen on the community park benches and at the blood donation events. Cheng Shin also continues to annually hold public welfare lectures and sponsor all types of sports events in Taiwan such as the national tennis group championships with First Financial Holding Company and the national table tennis championships with Taiwan Cooperative Financial Holding Company. Cheng Shin also promotes all types of cycling sports and sponsor the cycling events around Taiwan such as Changhua Classic 100. Key performance - Public welfare donation:</p>			
<p>Key performance - Charity donations. The amount of the 2021 public welfare donation in Taiwan reached NT\$10,399,028. The amount of the 2021 public welfare donation in the Mainland reaches RMB756,200.</p>			
<p>Industry-academy cooperation. As of December 31, 2021, a total of 12 students have participated in the overseas apprentice plan in Taiwan Region. In 2019-2021, we organized a total of 116 MAXXIS University Recruitment Tours in the Mainland Region. In 2021, the "University Internship Program" will start, and a total of 44 students will come to the company for internships.</p>			

(VI) Implementation of Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof:

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
<p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(I) Does the Company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(II) Has the Company established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Has the Company established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines,</p>	V	V	<p>(I) The Ethical Corporate Management Best Practice Principles and Corporate Governance Best Practice Principles have been adopted by the Company, which provide guidelines on business conduct for the Board and management to implement ethical corporate management.</p> <p>(II) The Company believes that a culture of ethical corporate management is one of the keys to the Company's sustainability and success. Its Ethical Corporate Management Best Practice Principles and other internal rules provide guidelines for the conduct of directors, managers and employees of the Company, which is aimed to urge personnel of the Company to act with the highest integrity and ethical standards when they perform their duties. Related rules are stipulated by clause 6 to 13 of the Ethical Corporate Management Best Practice Principles</p> <p>(III) The Company has incorporated the rules, in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, into its</p>

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
consequences of violation and complaint procedures, and periodically reviews and revises such policies?			Rules and Procedures for Board Meetings, Workplace Rules, related party transactions, execution of business contracts, accounting policies and internal control system, which stipulates the prohibition of conflicts of interest, accepting gifts and gratuities and other unethical business practices, as well as its commitment to ethical corporate management.
<p>II. Implementation of Ethical Corporate Management</p> <p>(I) Does the Company evaluate the ethical records of business counterparties and include clauses stipulating ethical conduct in business contracts?</p>	V	(I)	The Company has included clauses related to ethical conducts in the contractual agreements with its business counterparties, which allow the Company to terminate agreements and claim for damages or terminate partnerships due to the counterparties' violations of the clauses.
(II) Has the Company established a business unit, which is supervised by the Board and is exclusively or concurrently dedicated to business ethics and integrity, to report to the Board on the implementation status regularly (at least) ?	V	(II)	The Company has not yet established any business unit dedicated to business ethics and integrity.
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels, and implemented the policies?	V	(III)	The Company has a "Stakeholders" section on the corporate website providing a platform for its stakeholders to express their opinions and complaints.
(IV) Has the Company established an effective accounting system and internal control system to facilitate ethical corporate management, which are	V	(IV)	The internal auditors are appointed and authorized under the rules of the Company and revise the internal control system from time to time in accordance with

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
<p>audited by either internal auditors or certified public accountants on a regular basis?</p> <p>(V) Does the Company regularly hold internal and external trainings on business ethics?</p>	V		(V) None
<p>III. Implementation Status of the Grievance System</p> <p>(I) Has the Company established a grievance and rewards system and a reporting hotline? Can the employees with alleged violations be reached by an appropriate contact person for follow-up?</p> <p>(II) Has the Company established standard operating procedures and confidentiality measures for the investigation of reported incidents?</p>	V		None

Evaluation Items	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof
	Yes	No	
(III) Does the Company have proper measures in place to protect whistleblowers from reprisals?	V	(III) The Company takes protective measures and maintains the anonymity of whistleblowers to prevent reprisals. Any employee in violation of the Company's ethical standards will be subject to disciplinary actions according to the Company's rewards and disciplinary system.	
IV. Enhancing Information Disclosure Has the company disclosed its ethical corporate management policies and results of implementation on the company's website and the Market Observation Post System?	V	The Company has made available its Ethical Corporate Management Best Practice Principles, corporate culture, missions and value, and other information on its website and the Market Observation Post System.	None
V. If the company has established ethical corporate management policies in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies ("Best Practice Principles"), please describe any discrepancy between the policies and its practices: The Company has adopted the Ethical Corporate Management Best Practice Principles and implements its ethical corporate management accordingly. There is no discrepancy between our practices and the Best Practice Principles.			
VI. Other important information which facilitates a better understanding of the Company's ethical corporate management practices: The Company has made available on its website the Ethical Corporate Management Best Practice Principles, Rules and Procedures for Board Meetings, Management Procedures for Preventing Insider Trading, and a Stakeholders Section. With a vision for sustainable business, we seek to implement ethical corporate management and comply with applicable laws and regulations as the fundamental principles of our business.			

(VII) If the Company established the Corporate Governance Guidelines and Rules, it should disclose the way of inquiry:

The Company has formulated the Corporate Governance Best Practice Principles and relevant rules and have made these rules available on its corporate website (<http://www.cst.com.tw>). The rules can be found via the following path: Home page > Investor Information > Corporate Governance > Important Internal Rules. Other important information regarding corporate governance that should be also disclosed together:

(VIII)ther important information regarding corporate governance that should be also disclosed together:

1. The Company has formulated the “Procedures to Prevent Insider Trading” and set up key management controls as well as specified management tasks in handling internal material information and in preventing insider trading. The aforementioned mechanisms are used as management mechanisms to prevent insider trading, to prevent improper leaks of Company information, and to ensure the timeliness and accuracy of externally published information.
2. Directors’ Continuing Education:

Position	Name	Period of training		Organizer	Course Title/Subject	Hours From	Total training hours in 2021
		From	To				
Director	Chen, Yun-Hwa	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	6
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Director	Chen, Hsiu-Hsiung	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	6
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Representative of Corporate Director	Chen, Han-Chi	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	6
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	

Position	Name	Period of training		Organizer	Course Title/Subject	Hours From	Total training hours in 2021
		From	To				
Representative of Corporate Director	Lo, Tsai-Jen	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	12
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
		2021.11.11	2021.11.11	Securities & Futures Institute	Initiating Corporate Digital Resilience - Emergency Response and Recovery from the Ransomware Incident	3	
		2021.11.11	2021.11.11	Taiwan Corporate Governance Association	Corporate Sustainable Governance from the Perspective of Risks - from Governance to ESG	3	
Representative of Corporate Director	Lee, Chin-Chang	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	6
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Representative of Corporate Director	Wu, Hsuan-Miao	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	6
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Representative of Corporate Director	Huang, Chung-Jen	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	6
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Director	Tseng, Sung-Ling	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	12
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	

Position	Name	Period of training		Organizer	Course Title/Subject	Hours From	Total training hours in 2021
		From	To				
		2021.11.11	2021.11.11	Securities & Futures Institute	Initiating Corporate Digital Resilience - Emergency Response and Recovery from the Ransomware Incident	3	
		2021.11.11	2021.11.11	Taiwan Corporate Governance Association	Corporate Sustainable Governance from the Perspective of Risks - from Governance to ESG	3	
Independent Director	Hsu, En-De	2021.05.11	2021.05.11	Taiwan Corporate Governance Association	Analysis of Corporate Financial Information and Decision-making	3	12
		2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	
		2021.08.10	2021.08.10	Taiwan Corporate Governance Association	What's on the Mind of Investors - Corporate Sustainability from the Perspective of ESG Financing	3	
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Independent Director	Chen, Tzu-Chen	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	9
		2021.10.28	2021.10.28	Securities & Futures Institute	2021 Communicative & Explanatory Workshop on Insiders' Equity Trading and Legal Compliance	3	
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
Independent Director	Chen, Shuei-Jin	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	24
		2021.08.20	2021.08.20	Taiwan Corporate Governance Association	Audit Committee Operations and Practices	3	

Position	Name	Period of training		Organizer	Course Title/Subject	Hours From	Total training hours in 2021
		From	To				
		2021.09.01	2021.09.01	Financial Supervisory Commission	13Th Taipei Corporate Governance Forum	3	
		2021.10.13	2021.10.13	Securities & Futures Institute	2021 Communicative & Explanatory Workshop on Insiders' Equity Trading and Legal Compliance	3	
		2021.11.04	2021.11.04	Securities & Futures Institute	Performance of the Board and Evaluating its Effectiveness from the Perspective of Directors and Supervisors	3	
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	
		2021.11.11	2021.11.11	Securities & Futures Institute	Initiating Corporate Digital Resilience - Emergency Response and Recovery from the Ransomware Incident	3	
		2021.11.11	2021.11.11	Taiwan Corporate Governance Association	Corporate Sustainable Governance from the Perspective of Risks - from Governance to ESG	3	

3. Managers' participation in training and learning about corporate governance

Position	Name	Period of training		Organizer	Course Title/Subject	Hours From	Total training hours in 2021
		From	To				
Accounting Supervisor	Yu, Ching-Tang	2021.01.21	2021.01.22	Taiwan Accounting Research and Development Foundation	Continuing Education Training for Chief Accounting Officers of Issuers, Securities Firms, and the Securities Exchange	12	18
		2021.04.22	2021.04.22	Taiwan Accounting Research and Development Foundation	Latest Development on Financial Reporting Preparations Policies and Internal Management Practices	6	
Chief Corporate Governance Officer	Lo, Yung-Li	2021.05.12	2021.05.12	Taiwan Corporate Governance Association	Exploring Corporate Management and Relevant Taxation System	3	12
		2021.09.01	2021.09.01	Financial Supervisory Commission	13Th Taipei Corporate Governance Forum	6	
		2021.11.10	2021.11.10	Taiwan Corporate Governance Association	Sustainable New ESG Economics	3	

(IX) Disclosure matters of the status of Internal Control

1. Statement of Internal Control System

Cheng Shin Rubber Industry Co. Ltd.
Statement of Internal Control System

Date: March 24, 2022

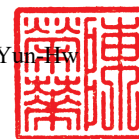
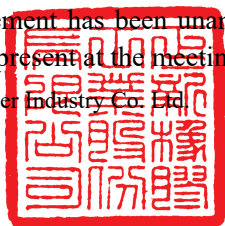
Based on the self-evaluation of the internal control system of the Company in 2021, we hereby state that:

- I. The Company understands that the Board and management of the Company are responsible for establishing, implementing, and maintaining adequate internal control. The Company has established an effective internal control system which aims to reasonably assure the operational results and effectiveness (including profitability, performance and assets security, etc.), the reliability, timeliness, and transparency of its report and the compliance with applicable laws and regulations.
- II. Due to its inherent limitations, an effective internal control system can only reasonably ensure the achievement of the three objectives above, no matter how complete and perfect the design of the system is. Besides, the effectiveness of the internal control system may vary due to changes in the environment or conditions. However, the Company has set up a self-monitoring mechanism on the internal control system, which allows the Company to take corrective actions as soon as any error or inadequacy is identified.
- III. The Company has assessed the design and operating effectiveness of the internal control system in accordance with the criteria effectiveness assessment of internal control system listed in the Framework for the Establishment of Internal Control System by Public Companies (the "Framework"). The criteria listed in the Framework divide the internal control system into five components based on management control process. The five components are: i) Control environment, ii) Risk assessment, iii) Control activities, iv) Information and communication, and v) Monitoring. Each component comprises of several elements. For more information, please refer to the Framework.
- IV. We have assessed the design and operating effectiveness of the Company's internal control system based on the criteria listed in the Framework.
- V. Based on the assessment mentioned above, we conclude that the Company maintains an effective design and operation of its internal control system (including supervisory and management of subsidiaries) as of December 31, 2021, which provides reasonable assurance regarding the achievement of the following objectives: understanding the effectiveness and efficiency of operations and the status of goal achievement, reliability, timeliness and transparency of reporting, and compliance with applicable laws and regulations.
- VI. This statement will be included as an integral part of the Annual Report and the prospectus of the Company and be disclosed to the public. Any false or fraudulent representations and concealment of information in this statement shall be subject to the legal liabilities prescribed by Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. This statement has been unanimously approved by the Board of Directors on March 24, 2022, with 11 directors present at the meeting.

Cheng Shin Rubber Industry Co. Ltd.

Chairman: Chen, Yun-Hwa

General Manager: Chen, Yun-Hwa



2. A separate audit report shall be disclosed where an independent registered public accounting firm has reviewed the Company's internal control system: N/A

(X) Sanctions imposed on the Company or its personnel in accordance with the laws, or disciplinary actions taken by the Company against its personnel for any violation of internal control rules within the current fiscal year and as at the date of the Annual Report, as well as details of the sanctions, major deficiencies and subsequent improvements: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings within the current fiscal year and as at the date of the Annual Report

1. Status of Resolutions Made by Shareholders' Meetings and Implementation Status

Year	Date	Proposal	Resolution	Implementation Status
2021 Annual General Meeting	July 29, 2021	Proposal to accept the Company's 2020 Business Report and Financial Statements.	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 2,167,965,546 votes, accounted for 93.78% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 277,632 votes; Forfeit/did not vote: 143,512,902 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	Completed as per the resolution announcement of the Shareholders' Meeting.
		Proposal to accept the Company's 2020 Earnings Distribution.	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 2,165,067,688 votes, accounted for 93.65% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 5,508,369 votes; Forfeit/did not vote: 141,180,023 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	The cash dividends were paid to the shareholders at NT\$1.2 per share on September 24, 2021.
		Proposal to discuss the amendment to the Company's "Articles of Incorporation".	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 2,170,454,538 votes, accounted for 93.88% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 295,472 votes; Forfeit/did not vote: 141,006,070 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	The Company amended the Articles of Incorporation as per the resolution made by the Shareholders' Meeting, and completed the change of registration with the MOEA on August 12, 2021.

	Discussion of the proposed amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 2,113,924,059 votes, accounted for 91.44% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 453,999 votes; Forfeit/did not vote: 197,378,022 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	Amended as per the resolution announcement of the Shareholders' Meeting.
	Discuss the Amendment to the Procedures for the Acquisition and Disposal of Assets	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 1,868,760,576 votes, accounted for 80.83% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 235,187,259 votes; Forfeit/did not vote: 207,808,245 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	Amended as per the resolution announcement of the Shareholders' Meeting.
	Discuss the Amendment to the "Director Election Method".	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 2,170,421,514 votes, accounted for 93.88% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 300,522 votes; Forfeit/did not vote: 141,034,044 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	Amended as per the resolution announcement of the Shareholders' Meeting.
	Discuss the Amendment to the "Rules and Procedures of the Shareholders' Meeting"	The proposal was approved by votes of the shareholders (including e-voting). Number of votes cast for the proposal: 2,170,444,138 votes, accounted for 93.88% of the total voting shares present in person or by proxy; Number of votes cast against the proposal: 304,545 votes; Forfeit/did not vote: 141,010,397 votes; Invalid votes: 0. This proposal has been acknowledged as it is.	Amended as per the resolution announcement of the Shareholders' Meeting.

2. Major Resolutions of Board of Directors

Meeting Date	Major Resolutions of Board of Directors	Note
2021.01.28 (The 5th session of the 11th term)	<ul style="list-style-type: none"> (1) Proposal for the Company's plan of distributing managers' year-end bonus and remuneration. (2) Proposal for personnel promotion of the Company. (3) Proposal for construction of ATV plant at the Douliu Plant No. 3. (4) Proposal for the Company's loan line. (5) Proposal for the Company's endorsements/guarantees. (6) Proposal for compensations of the Company's CPAs. 	Unanimously approved by all the directors present.
2021.03.24 (The 6th session of the 11th term)	<ul style="list-style-type: none"> (1) Proposal for the distribution of directors and employees' 2020 remuneration (2) Proposal to discuss the Company's 2020 business report, consolidated financial statements, and individual financial statements. (3) Proposal for the distribution of the Company's 2020 earnings. (4) Proposal to decide the date and location of the 2021 Annual Shareholders' Meeting as well as the reasons to convene the meeting. (5) Proposal to accept shareholders' proposals for the 2021 Annual Shareholders Meeting. (6) Proposal for the Review of Effectiveness of Internal Control System and the Statement of Internal Control System of the Company for 2020. (7) Proposal for independent evaluation of the Company's CPAs. (8) Proposal to adjust the organizational structure of the Company. (9) Proposal for amendment to the Company's Articles of Incorporation. (10) Proposal for amendment to amendments of the Company's Operational Procedures for Making Endorsements/Guarantees and Loaning Funds to Others. (11) Proposal for amendment to the Company's Procedures for the Acquisition and Disposal of Assets (12) Proposal for amendment to the Company's Director Election Method. (13) Proposal for amendment to the Company's Rules of Procedure for Shareholders' Meetings. (14) Proposal for amendment to the Operational Procedures for Lending Funds to Others by Cheng Shin Rubber (China) Co., Ltd.. (15) Proposal for amendment to the Operational Procedures for Lending Funds to Others by Cheng Shin Rubber (Chong Qing) Co., Ltd. (16) Proposal for the Company's loan line. (17) Proposal for the Company's endorsements/guarantees. 	Unanimously approved by all the directors present.
2021.05.12 (The 7th session of the 11th term)	Proposal to accept the Company's Q1 2021 Consolidated Financial Statements.	Unanimously approved by all the directors present.

2021.07.07 (The 8th session of the 11th term)	(1) Proposal to decide the date and location of the postponed 2021 Annual Shareholders' Meeting. (2) Proposal for 2020 directors' remuneration distribution. (3) Proposal for personnel promotion of the Company. (4) Proposal for the Company's loan line.	Unanimously approved by all the directors present.
2021.08.11 (The 9th session of the 11th term)	(1) Proposal to fix the ex-dividend base date. (2) Proposal to accept the Company's Q2 2019 Consolidated Financial Statements. (3) Proposal to sign the Auditor's Evaluation of Subsequent Events. (4) Subsequent evaluation of the due diligence valuation of derivative commodities of the Company. (5) Proposal for the Company's endorsements/guarantees. (6) Proposal for the Company's loan line.	Unanimously approved by all the directors present.
2021.11.12 (The 10th session of the 11th term)	(1) Proposal to accept the Company's Q3 2019 Consolidated Financial Statements. (2) Proposal to establish the Company's 2022 Audit Plan. (3) Proposal for amendment to the Company's Internal Audit Implementation Rules. (4) Proposal for construction of BC tire plant at the Douliu Plant No. 3. (5) Proposal to issue unsecured general corporate bonds of the Company. (6) Proposal for the Company's loan line. (7) Proposal for the Company's endorsements/guarantees.	Unanimously approved by all the directors present.

(XII) Major issues of record or written statements made by any director or supervisor dissenting to major resolutions passed by the Board during the current fiscal year and as of the date of the Annual Report: None.

(XIII) Summary of resignation and removal of key individuals involved in the financial reporting of the Company, including Chairman, General Manager, Head of Accounting, Head of Finance, Chief Internal Auditor, and Head of Research and Development departments, during the current fiscal year and as of the date of the Annual Report: None.

V. CPA Service Fee Information

(I) CPA Service Fee Information

Unit: Unit: NT\$ Thousand

Name of the Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Note
PricewaterhouseCoopers, Taiwan	Wu, Yu-Long Chou, Chien-Hung	2021.01.01 ~ 2021.12.31	5,500	3,065	8,565	Information on Non-audit Fees : Audit of enterprise income tax, review and consideration of other information, transfer pricing report fees and enterprise's parent company information fees, direct deduction method verifications for dual-status business entities, English translations of financial statements, Annual Report, and meeting handbook, verifying salaries and wages for full-time non-managerial employees, filing and reporting services to Investment Commission, MOEA for cash capital increase for Maxxis Rubber India Pvt. Ltd. and P.T. Maxxis International Indonesia, filing and reporting services to Investment Comission, MOEA for investment to Mexican retail company, and CPA fees for issuance of first batch of unsecured corporate bonds in 2021.

Note: If there has been a change of certified public accountants or independent public accounting firm during the current fiscal year, the Company shall disclose the information regarding the audit period covered by the predecessor auditor and successor auditor, the reasons for the change of auditors in the commentary column, as well as to disclose audit and non-audit fees paid. For non-audit fees, the Company shall describe the content of such services.

- (II) Disclosure of the amount and reasons of decrease in audit fees where there has been a change of auditors and the audit fees are lower than the previous fiscal year: N/A.
- (III) The 10% or more decrease of the NT\$5 million audit fees in 2021 compared to the NT\$7 million audit fees from 2020 is mainly due to differences in the calculation basis.

The 2020 audit fees included auditing of enterprise income tax and review and consideration of other information. If the audit fees are compared by the current disclosure using the current calculation basis, the 2020 audit fees would amount to NT\$5.9 million and the variation with the current disclosure would not exceed 10%.

VI.Information on Changes of CPA: Reason for Change

(I) Regarding the Previous CPA:

Date of change	Starting in 2021		
Reason for Change and Explanatory Notes:	Pursuant to the CPA accounting firm's policy on internal rotation, the CPA for checking and auditing the Company's financial statements have been replaced from CPA Wang, Yu-Chuan and CPA Chou, Chien-Hung, to CPA Wu, Yu-Long and CPA Chou, Chien-Hung starting in 2021.		
Explain whether the Company or the CPA has terminated or no longer accepts appointment	Subject	CPA	The Company
	Circumstances		
	Actively terminates appointment	N/A	N/A
	No longer accepts (continuing) appointment	N/A	N/A
CPA's Opinion and Reason for Issuing an Opinion Other than an Unqualified Opinion in the Most Recent Two Years	N/A.		
Difference of Opinion with Issuer	Yes	-	Accounting principles or practices
		-	Financial report disclosure
		-	Auditing scope or procedures
		-	Others
	N/A	V	
Explanation	-		
Other disclosures (Those that are required to disclose Items 4-7 in Section 1, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)	None.		

(II) Regarding the Succeeding CPA:

Name of the CPA Firm:	PricewaterhouseCoopers, Taiwan
Name of CPA	CPA Wu, Yu-Long & CPA Chou, Chien-Hung
Appointment Date	Starting in 2021
If prior to the formal engagement of the successor certified public accountant, the Company consulted the newly engaged accountant regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the Company's financial report, the Company shall state and identify the subjects discussed during those consultations and the consultation results	N/A.
Written views from the successor CPA regarding the matters on which the Company did not agree with the former CPA, and shall make disclosure thereof.	N/A.

(III) The former CPA's written response regarding the disclosures the Company is making pursuant to Sections 1, 2, and 3, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

VII. Disclosure of any of the Company's Chairman, General Manager, General Manager, Manager in charge of financial or accounting affairs who has held a position at the Company's independent certified public accounting firm or its affiliates within the last year: None.

VIII. Transfer or Pledge of Shares by Directors, Managers, and Shareholders who hold 10% of the Company's shares or more during the current fiscal year and as of the date of the Annual Report

(I) Changes in Share Ownership of Directors, Managers, and Substantial Shareholders

Title	Name of Director or Major Shareholder	Change in Equity in 2021		As of April 1, 2022	
		Number of Shares Held Increase (Decrease)	Shares Pledged Increase (Decrease)	Number of Shares Held Increase (Decrease)	Shares Pledged Increase (Decrease)
Chairman And General Manager	Chen, Yun-Hwa	0	0	0	0
Vice Chairman And General Manager	Chen, Hsiu-Hsiung	0	0	0	0
Director	Min Hsing Investment Co., Ltd.	0	0	0	0
Director Representative	Chen, Han-Chi	17,739,939	0	0	0
Director	Jiu Shun Investment Corporation	0	0	0	0
Director Representative	Wu, Hsuan-Miao	0	0	0	0
Director	Hsieh Shuen Investment Co., Ltd.	0	0	0	0
Director Representative	Huang, Chung-Jen	0	0	0	0
Director	Hong Jing Investment Corporation	0	0	0	0
Director Representative	Lo, Tsai-Jen	0	0	0	0
Director Representative Concurrent General Manager	Lee, Chin-Chang	0	0	0	0
Director	Tseng, Sung-Ling	0	0	0	0
Independent Director	Chen, Tzu-Chen	0	0	0	0
Independent Director	Hsu, En-De	0	0	0	0

Title	Name of Director or Major Shareholder	Change in Equity in 2021		As of April 1, 2022	
		Number of Shares Held Increase (Decrease)	Shares Pledged Increase (Decrease)	Number of Shares Held Increase (Decrease)	Shares Pledged Increase (Decrease)
Independent Director	Chen, Shuei-Jin	0	0	0	0
General Manager	Hsu, Chih-Ming	182,000	0	0	0
Deputy General Manage	Peng, Wen-Hsing	0	0	0	0
Deputy General Manage	Huang, Chieh-Hsiang	0	0	0	0
Deputy General Manage	Lin, Hung-Yu	0	0	0	0
Deputy General Manage	Lin, Yu-Yu	0	0	0	0
Deputy General Manage	Liao, Cheng-Yao	0	0	0	0
Deputy General Manage	Lee, Hung-Ko	0	0	0	0
Deputy General Manage	Lai, Kuo-Ti	0	0	0	0
Deputy General Manage	Liu, Chao-Sheng	0	0	0	0
Deputy General Manage (Chief Financial Officer)	Lo, Yung-Li	0	0	0	0
Deputy General Manage	Chen, Shu-Yu	0	0	0	0
Deputy General Manage	Ho, Chin-Fang	0	0	0	0
Deputy General Manage	Lo, Chen-Jung	0	0	0	0
Deputy General Manage	Chang, Ghi-Jung	0	0	0	0
Deputy General Manage	Liu, Ching-Chung	0	0	0	0
Assistant Manager	Lin, Chin-Chuan	0	0	0	0
Assistant Manager	Chang, Chuan-Shun	0	0	0	0
Assistant Manager	Huang, Kuo-Tsai	0	0	0	0
Assistant Manager	Huang, Yang-Hsun	0	0	0	0
Assistant Manager	Chen, Ying-Kuang	0	0	0	0

Title	Name of Director or Major Shareholder	Change in Equity in 2021		As of April 1, 2022	
		Number of Shares Held Increase (Decrease)	Shares Pledged Increase (Decrease)	Number of Shares Held Increase (Decrease)	Shares Pledged Increase (Decrease)
Assistant Manager	Lin, Chen-Chieh	0	0	0	0
Assistant Manager	Chiang, Kui-Yung	0	0	0	0
Assistant Manager	Hu, Ming-Te	0	0	0	0
Assistant Manager	Ting, Tso-Lin	0	0	0	0
Assistant Manager	Chen, Jin-Long	0	0	0	0
Assistant Manager	Yang, Jin-Cheng	0	0	0	0
Assistant Manager	Lo, Yuan-Long	60,000,000	0	0	0
Assistant Manager	Chen, Po-Chia	35,603,449	0	0	0
Assistant Manager	Lai Ming-Han	0	0	0	0
Assistant Manager	Chen, Chih-Hsien	0	0	0	0
Assistant Manager	Huang, Yung-Nan	0	0	0	0
Assistant Manager	Chen, Han-Hsin	19,558,938	0	0	0
Assistant Manager	Chiang, Chih-Wei	0	0	0	0
Accounting Supervisor	Yu, Ching-Tang	0	0	0	0
Major Shareholder	Lo, Ming-Han	0	0	0	0
Major Shareholder	Jye Luo Memory Co., Ltd.	0	0	0	0

(II) Information about Equity Transfer

Name (Note 1)	Reason for Equity Transfer (Note 2)	Transaction Date	Transaction Counterparty	Relationship Between the Transaction Counterparty and the Company, Directors, Supervisors, and Shareholders Who Hold More Than 10% of the Company's Shares	Shares	Transaction Price
Chen, Han-Chi	Inheritance	2021/11/08	Luo, Jye	Kinship within the second degree	19,558,939	NT\$43 (based on the closing price on March 15, 2019)
Chen, Han-Hsin	Inheritance	2021/11/08	Luo, Jye	Kinship within the second degree	19,558,938	Same as above
Luo, Yuan- Long	Inheritance	2021/11/08	Luo, Jye	Kinship within the second degree	60,000,000	Same as above
Chen, Po- Chia	Inheritance	2021/11/08	Luo, Jye	Kinship within the second degree	35,603,449	Same as above

Note 1. Audit of enterprise income tax, review and consideration of other information,

(III) Information about Equity Pledged Under Lien

Shares pledged to related parties: N/A

IX.Information of the Top Ten Largest Shareholders who are Related Parties or have a Spousal or Familiar Relationship within the Second Degree of Kinship:

Relationship Among Top Ten Largest Shareholders

Name (Note 1)	Share Ownership		Shares Held By Spouse and Minor Children		Shares Held in Other's Name		Top Ten Largest Shareholders who are Related Parties or have a Spousal or Familiar Relationship within the Second Degree of Kinship		Note
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Name	Relation	
Lo, Ming-Han	370,176,378	11.42%	0	0%	0	0%	Chen, Shiu-Hsiung and Lo, Tsai-Jen Lo, Min-Ling and Lo, Ming-I Chen, Yun-Hwa and Lo, Yuan-Yu Lo, Yuan-Long and Chen, Bing-Hao	Relative within the second degree of kinship	-
e Luo Memory Co., Ltd. Person in Charge: Lo, Tsai-Jen	324,430,630	10.01%	0	0%	0	0%	Lo, Min-Ling and Chen, Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo, Yuan-Yu Lo Yuan-Long and Chen Bing-Hao Lo, Tsai-Jen	Relative within the second degree of kinship	-
Chen, Yun-Hwa	120,570,531	3.72%	82,492,443	2.54%	13,391,000	0.41%	Lo, Min-Ling and Chen, Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Lo, Tsai-Jen and Lo Yuan-Yu Lo, Yuan-Long and Chen Bing-Hao	Relative within the second degree of kinship	-
Lo, Tsai-Jen	91,662,430	2.83%	27,829,793	0.86%	0	0%	Lo, Min-Ling and Chen, Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo Yuan-Yu Lo, Yuan-Long and Chen Bing-Hao	Relative within the second degree of kinship	-
Lo, Ming-I	82,492,443	2.54%	120,570,531	3.72%	0	0%	Lo, Min-Ling and Chen, Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Lo, Tsai-Jen and Lo Yuan-Yu Lo, Yuan-Long and Chen Bing-Hao	Relative within the second degree of kinship	-
Lo, Yuan-Yu	72,222,216	2.23%	0	0%	0	0%	Lo, Min-Ling and Chen, Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo Tsai,Jen Lo, Yuan-Long and Chen Bing-Hao	Relative within the second degree of kinship	-
Chen, Shiu-Hsiung	67,819,456	2.09%	62,945,516	1.94%	31,280,000	0.97%	Lo, Min-Ling and Lo, Tsai-Jen Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo Yuan-Yu Lo, Yuan-Long and Chen Bing-Hao	Relative within the second degree of kinship	-

Lo, Ming-Ling	62,945,516	1.94%	67,819,456	2.09%	0	0%	Lo, Tsai-Jen and Chen Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo Yuan-Yu Lo, Yuan-Long and Chen Bing-Hao	Relative within the second degree of kinship	-
Lo, Yuan-Long	61,064,766	1.88%	0	0%	0	0%	Lo, Min-Ling and Chen Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo Yuan-Yu Lo, Tsai-Jen and Chen Bing-Hao	Relative within the second degree of kinship	-
Chen Bing-Hao	52,996,139	1.63%	0	0%	0	0%	Lo, Min-Ling and Chen Shiu-Hsiung Lo, Ming-Han and Lo, Ming-I Chen, Yun-Hwa and Lo Yuan-Yu Lo, Yuan-Long and Lo, Tsai-Jen	Relative within the second degree of kinship	-

Note 1: The names of the shareholders shall be listed individually (corporate shareholders shall include both the company name and name of representative)

Note 2: Percentage in share ownership shall be the total shares held whether in the names of the individual, his/her spouse, children who are minors or under nominee accounts.

Note 3: Relationship between the aforementioned shareholders (including juristic and natural persons) shall be disclosed according to Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. The number of shares held by the Company, directors, supervisors, managers, and entities directly or indirectly controlled by the Company in the reinvestment business as well as the consolidated shareholding ratio

Affiliated Companies (Note)	Ownership by the Company		Ownership by Directors, Supervisors, Managers, and Entities Directly or Indirectly Controlled by the Company		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
MAXXIS International Co., Ltd.	35,050,000	100%	0	0%	35,050,000	100%
CST Trading Ltd.	72,900,000	100%	0	0%	72,900,000	100%
Cheng Shin Rubber USA, Inc.	1,800,000	100%	0	0%	1,800,000	100%
MAXXIS TRADING LTD.	237,811,720	100%	0	0%	237,811,720	100%
New Pacific Industry Company Limited	5,000,000	50%	0	0%	5,000,000	50%
Cheng Shin Rubber Canada, Inc.	1,000,000	100%	0	0%	1,000,000	100%
MAXXIS Tech Center Europe B.V.	1,000,000	100%	0	0%	1,000,000	100%
PT MAXXIS International Indonesia	139,994,750	99.99625%	5,250	0.00375%	140,000,000	100%
Maxxis Rubber India Private Limited	874,992,906	99.99919%	7,094	0.00081%	875,000,000	100%
Maxxis Trading Company Limited	10,000,000	100%	0	0%	10,000,000	100%
PT. MAXXIS TRADING INDONESIA	9,990	99.9%	10	0.1%	10,000	100%
Maxxis Europe B.V.	500,000	100%	0	0%	500,000	100%
MAXXIS RUBBER JAPAN CO., LTD.	5,000	100%	0	0%	5,000	100%

Note:

- (1) Investments of the Company are accounted for using the equity method.
- (2) As of 2021.

Chapter 4. Financing

I. Recordable items in capital and share

(I) Sources of Capital

Year/Month	Issuance Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Amount	Amount	Sources of Capital	Capital Increase by Assets Other Than Cash	Others
August 1988	10	162,509,490	1,625,094,900	162,509,490	1,625,094,900	Capital increase from retained earnings	N/A	-
August 1989	10	203,136,863	2,031,368,630	203,136,863	2,031,368,630	Capital increase from retained earnings	N/A	-
August 1990	10	243,764,236	2,437,642,360	243,764,236	2,437,642,360	Capital increase from retained earnings	N/A	-
May 1991	10	263,265,375	2,632,653,750	263,265,375	2,632,653,750	Capital increase from retained earnings	N/A	Jing (80) Shang No.118965 dated September 7, 1991
July 1992	10	315,918,450	3,159,184,500	315,918,450	3,159,184,500	Capital increase from retained earnings	N/A	Jing (81) Shang No.118426 dated August 31, 1992
July 1993	10	363,306,218	3,633,062,180	363,306,218	3,633,062,180	Capital increase from retained earnings	N/A	Jing (82) Shang No.115285 dated August 13, 1993
July 1994	10	421,435,213	4,214,352,130	421,435,213	4,214,352,130	Capital increase from retained earnings	N/A	Jing (83) Shang No.112989 dated September 2, 1994
August 1995	10	501,507,903	5,015,079,030	501,507,903	5,015,079,030	Capital increase from retained earnings	N/A	Jing (84) Shang No.111207 dated August 16, 1995
August 1996	10	551,658,693	5,516,586,930	551,658,693	5,516,586,930	Capital increase from retained earnings	N/A	Jing (85) Shang Zi No. 111479 dated August 12, 1996
July 1997	10	606,824,562	6,068,245,620	606,824,562	6,068,245,620	Capital increase from retained earnings	N/A	Jing (86) Shang Zi No.111867 dated July 18, 1997
December 1998	10	679,643,509	6,796,435,090	679,643,509	6,796,435,090	Capital increase from retained earnings	N/A	Jing (87) Shang Zi No. 087142412 dated December 29, 1998
August 1999	10	747,607,860	7,476,078,600	747,607,860	7,476,078,600	Capital increase from retained earnings	N/A	Jing (88) Shang Zi No. 088127496 dated August 4, 1999
August 2000	10	784,988,253	7,849,882,530	784,988,253	7,849,882,530	Capital increase from retained earnings	N/A	Jing (89) Shang Zi No. 089127105 dated August 1, 2000
August 2001	10	836,012,489	8,360,124,890	836,012,489	8,360,124,890	Capital increase from retained earnings	N/A	Jing (90) Shang Zi No.09001288800 dated August 22, 2001
August 2002	10	886,173,238	8,861,732,380	886,173,238	8,861,732,380	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09101319120 dated August 15, 2002
August 2003	10	957,067,097	9,570,670,970	957,067,097	9,570,670,970	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09201240400 dated August 8, 2003
August 2004	10	1,048,945,538	10,489,455,380	1,048,945,538	10,489,455,380	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09301149390 dated August 18, 2004
September 2005	10	1,138,105,908	11,381,059,080	1,138,105,908	11,381,059,080	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No.09401168800 dated September 5, 2005
September 2006	10	1,217,773,322	12,177,733,220	1,217,773,322	12,177,733,220	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09501191430 dated August 30, 2006
September 2007	10	1,303,017,454	13,030,174,540	1,303,017,454	13,030,174,540	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09601224190 dated September 14, 2007

Year/Month	Issuance Price	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Amount	Amount	Sources of Capital	Capital Increase by Assets Other Than Cash	Others
September 2008	10	1,498,470,072	14,984,700,720	1,498,470,072	14,984,700,720	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09701236220 dated September 15, 2008
September 2009	10	1,648,317,079	16,483,170,790	1,648,317,079	16,483,170,790	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09801202660 dated September 4, 2009
August 2010	10	2,060,396,349	20,603,963,490	2,060,396,349	20,603,963,490	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 09901193360 dated August 25, 2010
August 2011	10	2,472,475,619	24,724,756,190	2,472,475,619	24,724,756,190	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 10001194070 dated August 22, 2011
August 2012	10	2,818,622,206	28,186,222,060	2,818,622,206	28,186,222,060	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 10101174280 dated August 27, 2012
August 2013	10	3,241,415,536	32,414,155,360	3,241,415,536	32,414,155,360	Capital increase from retained earnings	N/A	Jing Shou Shang Zi No. 10201172870 dated August 29, 2013

As of April 1, 2022 Unit: Shares

Type of Shares	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
TWSE Listed Common Stock	3,241,415,536	0	3,241,415,536	N/A

(II) Shareholder structure

As of April 1, 2022

Shareholder structure and quantity	Government Agencies	Financial Institutions	Other Juristic Persons	Foreign Institutions and Natural Persons	Individuals	Total
Number of	7	22	316	667	101,706	102,718
Number of	40,358,222	124,509,757	675,633,988	459,612,359	1,941,301,210	3,241,415,536
Share-holding	1.25%	3.84%	20.84%	14.18%	59.89%	100.00%

(III) Share Distribution

NT\$10 per share As of April 1, 2022

Range of Shares	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 ~ 999	17,208	4,822,574	0.15%
1,000 ~ 5,000	59,841	133,774,092	4.13%
5,001 ~ 10,000	12,392	98,261,660	3.03%
10,001 ~ 15,000	4,254	54,390,379	1.68%
15,001 ~ 20,000	2,750	50,492,373	1.56%
20,001 ~ 30,000	2,269	58,013,657	1.79%
30,001 ~ 40,000	1,022	36,337,937	1.12%
40,001 ~ 50,000	692	32,091,590	0.99%
50,001 ~ 100,000	1,214	86,226,255	2.66%
100,001 ~ 200,000	494	69,325,281	2.14%
200,001 ~ 400,000	218	60,847,063	1.88%
400,001 ~ 600,000	97	47,541,071	1.47%
600,001 ~ 800,000	47	32,191,558	0.99%
800,001 ~ 1,000,000	26	23,460,675	0.72%
1,000,001 shares or more	194	2,453,639,371	75.70%
Total	102,718	3,241,415,536	100.00%

Note: The Company has not issued preferred shares.

(IV) List of Majority Shareholders

As of April 1, 2022

Name of major shareholder	Share	Number of Shares Held	Share-holding Ratio
Lo, Ming-Han		370,176,378	11.42%
Jye Luo Memory Co Ltd.		324,430,630	10.01%
Chen, Yun-Hwa		120,570,531	3.72%
Lo, Tsai-Jen		91,662,430	2.83%
Lo, Ming-I		82,492,443	2.54%
Lo, Yuan-Yu		72,222,216	2.23%
Chen, Shiu-Hsiung		67,819,456	2.09%
Lo, Ming-Ling		62,945,516	1.94%
Lo, Yuan-Long		61,064,766	1.88%
Chen, Bing-Hao		52,996,139	1.63%

Note: The list of major shareholders includes shareholders with 1% or more share ownership and/or the top 10 largest shareholders.

(V) Information on the market price, net value, earnings, and dividends of each share in the latest two years

Unit: Share, NT\$

Item		Year		Current year As of February 28, 2022 (Note 8)	
		2020	2021		
Earnings per share; EPS (Note 1)	Highest	45.75	59.10	36.70	
	Lowest	28.50	33.45	34.40	
	Average	37.20	41.62	35.65	
Per share Net value (Note 2)	Before distribution	24.82	24.96	-	
	After distribution	24.82	24.96	-	
Earnings per share; EPS (Note 3)	Weighted Average of Shares		3,241,415,536	3,241,415,536	3,241,415,536
	Earnings per Share	Before Adjustment	1.85	1.63	-
		After Adjustment	1.85	1.62	-
Dividend Per share	Cash dividends		1.2	1.2	-
	Stock Dividends	Paid out of Retained Earnings	-	-	-
		Paid out of Capital Surplus	-	-	-
	Accrued Unpaid Dividends (Note 4)		-	-	-
Analysis on Return on Investment	P/E Ratio (Note 5)		20.11	25.53	-
	Price/Dividend Ratio (Note 6)		31.00	34.68	-
	Cash Dividend Yield (Note 7)		3.23%	2.88%	-

Note 1. List the highest and lowest market price in each fiscal year and calculate the average market price based on the trading value and volume.

Note 2. Please fill out the figures according to the number of outstanding shares at the end of the fiscal year and the resolution regarding distribution from the Board of Directors or by the shareholders' meeting the following year.

Note 3. Please fill out basic and diluted earnings per share if retroactive adjustment is necessary due to stock dividend payout.

Note 4. If the terms of issuance of the equity securities provide that any dividends declared but not paid may be carried forward until the Company has earnings, the amount of accrued unpaid dividends as at the end of such fiscal year shall be disclosed.

Note 5. $P/E \text{ Ratio} = \text{Average Market Price per Share} / \text{Earnings per Share}$.

Note 6. $\text{Price/Dividend Ratio} = \text{Average Market Price per Share} / \text{Cash Dividend per Share}$.

Note 7. $\text{Cash Dividend Yield} = \text{Cash Dividend per Share} / \text{Average Market Price per Share}$.

Note 8. CPA reviewed financial information from Q1 2022 is not yet available at the date of publication of this Annual Report.

(VI) Dividend Policy and Implementation

Our dividend policy is as follows:

1. If the Company has pre-tax earnings for the fiscal year after the accounts are closed, the Company shall first set aside an amount to pay any business income tax due, offset the losses of previous years, and set aside ten percent (10%) of the residual amount as the legal reserve, and shall, pursuant to applicable laws and regulations, set aside a portion of the after-tax earnings for its special reserve. To the extent that there is any balance of the Company's after-tax earnings remaining, the total earnings available for distribution shall consist of the remainder of such balance and the retained earnings from the previous year. The Board of Directors may propose a profit distribution plan for approval at the shareholders' meeting.

The dividends to the shareholders under such a plan shall be ten to eighty percent (10-80%) of the total distributable earnings, from which the cash dividends shall not be lower than ten percent (10%) of the total dividends declared.

2. Proposed Dividend Payment by the Shareholders' Meeting

After the appropriation of legal reserve, the total after-tax earnings of the Company available for distribution, which includes retained earnings carried forward from the previous year(s), was NT\$31,770,623,925 in the 2021 Fiscal Year. It is proposed that NT\$3,889,698,643 of cash dividends be paid to the shareholders (at NT\$1.2 per share) in accordance with the Articles of Incorporation of the Company.

(VII) Impact of the proposed stock dividend payment by the shareholders' meeting on the business performance and earnings per share of the Company

The Company did not declare any stock dividend, and therefore no impact was expected on the business performance and earnings per share of the Company.

(VIII) Remuneration for Employees and Directors

1. Percentage or Range of Employees' and Directors' Remuneration under the Articles of Incorporation

To the extent that the Company has profit in the year, the Company shall set aside at least 2% of such profit as employee dividends and no more than 3% of such profit as director dividends, provided that the Company shall first offset the cumulative losses, if any.

Employee dividends shall be distributed in the form of shares or cash, and director dividends shall be distributed in the form of cash. The distribution of dividends shall be approved by more than one-half of the Directors present at the Board of Directors'

meeting attended by at least two-thirds of all Directors, and shall be reported at the shareholders' meeting.

The recipients of employee dividends in the form of shares or cash in accordance with the preceding subparagraph may include the employees of the Company's subsidiaries who meet certain conditions; the terms of the distribution shall be decided by the Board of Directors.

2. The Basis of the Estimate of Compensation to Employees and Directors, the Basis of Calculating Number of Shares where Stock Bonuses are Paid, as well as Accounting Treatment in Case of Deviation between the Amount of Actual Payment and the Estimate: The deviation will be recognized as profit or loss in the following fiscal year.

3. Status of Employee Compensation Appropriations as Approved by the Board of Directors:

(1) Employees' remuneration is to be appropriated in cash or shares. If there is any difference with the estimated amount of the recognized expenses in the year, the difference, reason, and action should be disclosed:

The Company has allocated NT\$130,705 thousand as cash compensation to employees and NT\$98,028 thousand as compensation to directors in 2021. Comparing the revenues and profitability of the Company in 2021 to those in 2020 and taking into account the amount of payout in 2020, the proposal was reviewed by the Remuneration Committee and the Board has passed a resolution and recommends that NT\$130,705 thousand to be paid out as cash remunerations to employees and NT\$98,028 thousand as remunerations to directors. There is no difference between the estimate and the actual appropriations.

(2) Amount and ratio of employees' remunerations in shares on the after-tax earnings in the Parent company only financial statements and total employees' remuneration in the year: None.

4. Employee Remuneration and Director and Supervisor Remuneration in the previous year:

The following summarizes the employees' remuneration and directors' remuneration in the 2020 Fiscal Year:

Item	Approved Distribution (NT\$)	Deviation	Difference Reason
Employees' Remuneration	139,543,796	—	N/A
Directors' Remuneration	104,657,847	—	N/A

Note: The Board of Directors of the Company is authorized to determine the compensation of the directors based on director compensation of comparable companies in the industry; provided, however, independent directors may not participate in the distribution of compensation set forth in Article 36 of the Articles of Incorporation of the Company.

(IX) Repurchase of the Company's shares: N/A

II. Issuance of corporate bonds

Types of Corporate Bonds:	Cheng Shin Rubber Ind. First Offering of Unsecured Ordinary Bonds of 2017	Cheng Shin Rubber Ind. First Offering of Unsecured Ordinary Bonds of 2018	Cheng Shin Rubber Ind. First Offering of Unsecured Ordinary Bonds of 2021
Issuance Date	2017.08.10	2018.07.25	2021.08.05
Par value	NT\$1 million	NT\$1 million	NT\$1 million
Location of Issuance and Transaction	N/A	N/A	N/A
Par Value	At Par	At Par	At Par
Total Amount	NT\$7 billion	NT\$5 billion	NT\$8 billion
Interest	1.03%	0.87%	0.60%
Maturity	5 Years Due Date: 2022.08.10	5 Years Due Date: 2023.07.25	5 Years Due Date: 2026.08.05
Guarantee Agency	N/A	N/A	N/A
Trustee	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank	Taipei Fubon Commercial Bank
Underwriters	Yuanta Securities Co., Ltd.	Capital Securities Corp.	Yuanta Securities Co., Ltd.
Certifying Lawyers	N/A	N/A	N/A
Certifying CPA	PricewaterhouseCoopers, Taiwan CPA Hung, Shu-Hua, CPA Wu, De-Feng	PricewaterhouseCoopers, Taiwan CPA Hung, Shu-Hua, CPA Wu, De-Feng	PricewaterhouseCoopers, Taiwan CPA Wu, Yu-Long, CPA Chou, Chien-Hung
Redemption	50% of the principal will be paid at the end of the fourth year and the remaining 50% will be paid at the end of the fifth year from the issuance date	50% of the principal will be paid at the end of the fourth year and the remaining 50% will be paid at the end of the fifth year from the issuance date	50% of the principal will be paid at the end of the fourth year and the remaining 50% will be paid at the end of the fifth year from the issuance date
Outstanding Principal	NT\$7 billion	NT\$5 billion	NT\$8 billion
Redemption or early repayment clause	N/A	N/A	N/A
Restrictions	N/A	N/A	N/A
Company's name, date, and corporate bonds of credit rating	Taiwan Ratings Rating Date: February 21, 2017 Corporate credit rating result twA	Taiwan Ratings Rating Date: February 27, 2018 Corporate credit rating result twA	Taiwan Ratings Rating Date: May 25, 2021 Corporate credit rating result twA

Types of Corporate Bonds:		Cheng Shin Rubber Ind. First Offering of Unsecured Ordinary Bonds of 2017	Cheng Shin Rubber Ind. First Offering of Unsecured Ordinary Bonds of 2018	Cheng Shin Rubber Ind. First Offering of Unsecured Ordinary Bonds of 2021
Other rights	Converted (exchange or subscription) common stock, depository receipts, or other price of securities as of the Annual Report publish date.	N/A	N/A	N/A
	Regulations of Issuance and Conversion/Exchange/Subscription	N/A	N/A	N/A
Potential Dilutive Effects on other Shares and Impact on the Rights of Existing Shareholders due to Regulations of Issuance and Conversion/Exchange/Subscription or Terms of Issue		N/A	N/A	N/A
Name of Exchange		N/A	N/A	N/A

III. Issuance of preferred shares: N/A

IV. Issuance of overseas depository receipts: N/A

V. Issuance of stock subscription warrants to employees and restriction on employee right to obtain new shares: N/A

VI. Issuance of new shares in connection with the merger or acquisition of other companies: N/A

VII. Recordable items of the implementation status of capital utilization plan

(I) Plan Contents

1. First Offering of Unsecured Ordinary Bonds of 2017

(1) Date of approval and approval document number: Zheng Gui Zhai Zi No. 10600213862 issued by the Taipei Exchange dated August 7, 2017

(2) Funds required for the project: NT\$7 billion.

(3) Source of financing: First offering of unsecured bonds of NT\$7 billion

(4) Purpose of financing and progress of use

Unit: NT\$ Thousand

Plan Item	Estimated Completion Date	Funds Required	Estimated Progress of Use
			2017 Q3
Paying off Liabilities (improving financial structure)	Q3 2017	\$ 4,910,001	\$ 4,910,001
Strengthening the Operating Capital	Q3 2017	\$ 2,089,999	\$ 2,089,999
Total		\$ 7,000,000	\$ 7,000,000

2. First Offering of Unsecured Ordinary Bonds of 2018

- (1) Date of approval and approval document number: Zheng Gui Zhai Zi No. 10700196832 issued by the Taipei Exchange dated July 24, 2018
- (2) Funds required for the project: NT\$5 billion
- (3) Source of financing: First offering of unsecured bonds of NT\$5 billion
- (4) Purpose of financing and progress of use

Unit: NT\$ Thousand

Plan Item	Estimated Completion Date	Funds Required	Estimated Progress of Use	
			2018	
			Q3	Q4
Paying off Liabilities (improving financial structure)	Q3 2018	\$ 3,258,666	\$ 3,258,666	-
Strengthening the Operating Capital	Q3 2018	\$800,000	\$800,000	-
	Q4 2018	\$ 941,334	-	\$941,334
Total		\$ 5,000,000	\$ 4,058,666	\$941,334

3. First Offering of Unsecured Ordinary Bonds of 2021

- (1) Date of approval and approval document number: Zheng Gui Zhai Zi No. 11000075911 issued by the Taipei Exchange dated July 27, 2021
- (2) Funds required for the project: NT\$8 billion
- (3) Source of financing: First offering of unsecured bonds of NT\$8 billion
- (4) Purpose of financing and progress of use

Unit: NT\$ Thousand

Plan Item	Estimated Completion Date	Funds Required	Estimated Progress of Use	
			2021	
			Q3	Q4
Paying off Liabilities	Q3 2021	\$ 6,000,000	\$ 6,000,000	-
Strengthening the Operating Capital	Q3 2021	\$800,000	\$800,000	-
	Q4 2021	\$ 1,200,000	-	\$1,200,000
Total		\$ 8,000,000	\$ 6,800,000	\$1,200,000

(II) Implementation Status

1. Status of Funds Used and Implementation

(1) First Offering of Unsecured Ordinary Bonds of 2017

Unit: NT\$ Thousand

Plan Item	Implementation Status		2017.09.31	Reasons and Improvement Plans for Leading or Behind the Project Schedule
Paying off Liabilities (improving financial structure)	Fund Used	Proposed	4,910,001	Plan Completed
		Actual	4,910,001	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	
Strengthening the Operating Capital	Fund Used	Proposed	2,089,999	Plan Completed
		Actual	2,089,999	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	

(2) First Offering of Unsecured Ordinary Bonds of 2018

Unit: NT\$ Thousand

Plan Item	Implementation Status		2018.12.31	Reasons and Improvement Plans for Leading or Behind the Project Schedule
Paying off Liabilities (improving financial structure)	Fund Used	Proposed	3,258,666	Plan Completed
		Actual	3,258,666	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	
Strengthening the Operating Capital	Fund Used	Proposed	1,741,334	Plan Completed
		Actual	1,741,334	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	

(3) First Offering of Unsecured Ordinary Bonds of 2021

Unit: NT\$ Thousand

Plan Item	Implementation Status		2021.12.31	Reasons and Improvement Plans for Leading or Behind the Project Schedule
Paying off Liabilities (improving financial structure)	Fund Used	Proposed	6,000,000	Plan Completed
		Actual	6,000,000	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	
Strengthening the Operating Capital	Fund Used	Proposed	2,000,000	Plan Completed
		Actual	2,000,000	
	Implementation Status (%)	Proposed	100%	
		Actual	100%	

Chapter 5. Operation Overview

I. Business contents

(I) Business scope:

1. Major contents of business

(1) C801990 Other Chemical Materials Manufacturing. (2) C802160 Sticky Tape Manufacturing. (3) C804010 Tires Manufacturing. (4) C804020 Industrial Rubber Products Manufacturing. (5) C804990 Other Rubber Products Manufacturing. (6) CB01010 Machinery and Equipment Manufacturing. (7) F112040 Wholesale of Petrochemical Fuel Products. (8) F212050 Retail Sale of Petrochemical Fuel Products. (9) F401010 International Trade. (10) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Proportion in business

Below are the proportions of major products in the business of the Company in 2021:

Unit: NT\$ Thousand

Major Products	2021	
	Amount	%
PCR	39,417,537	38.82%
TBR	16,287,711	16.04%
MC	15,250,371	15.02%
BC	12,786,847	12.59%
TUBE	5,433,726	5.35%
Other tires	12,095,178	11.92%
Other products	995,861	0.98%
Return, allowance, freight and insurance costs, and others	-730,270	-0.72%
Total	101,536,961	100%

3. The Company's Current Products: PCR, TBR, MC, BC, TUBE, and other tires.

4. New Products in Development

- Highway Terrain Product Development for 4X4 Vehicles
- Ultra High Performance A/S Product Development for Passenger Cars
- Ultra High Performance Summer Product Development for EV Passenger Cars
- Racing Tire Product Development for Passenger Cars
- Gravel RT Product Development
- MTB Downhill Product Development
- Adventure Tire(BIAS)Product Development

- Electric Vehicle Tire Product Development
- Light Bike Sport Tire (BIAS) Product Development
- MCR Hyper Sport Product Development
- ATV EV Tire Product Development
- Go-kart RC-1K 2nd Generation Product Development
- Electric Bus Product Development
- Light Truck (3.5T) All-Steel Product Development

(II) Industry Overview:

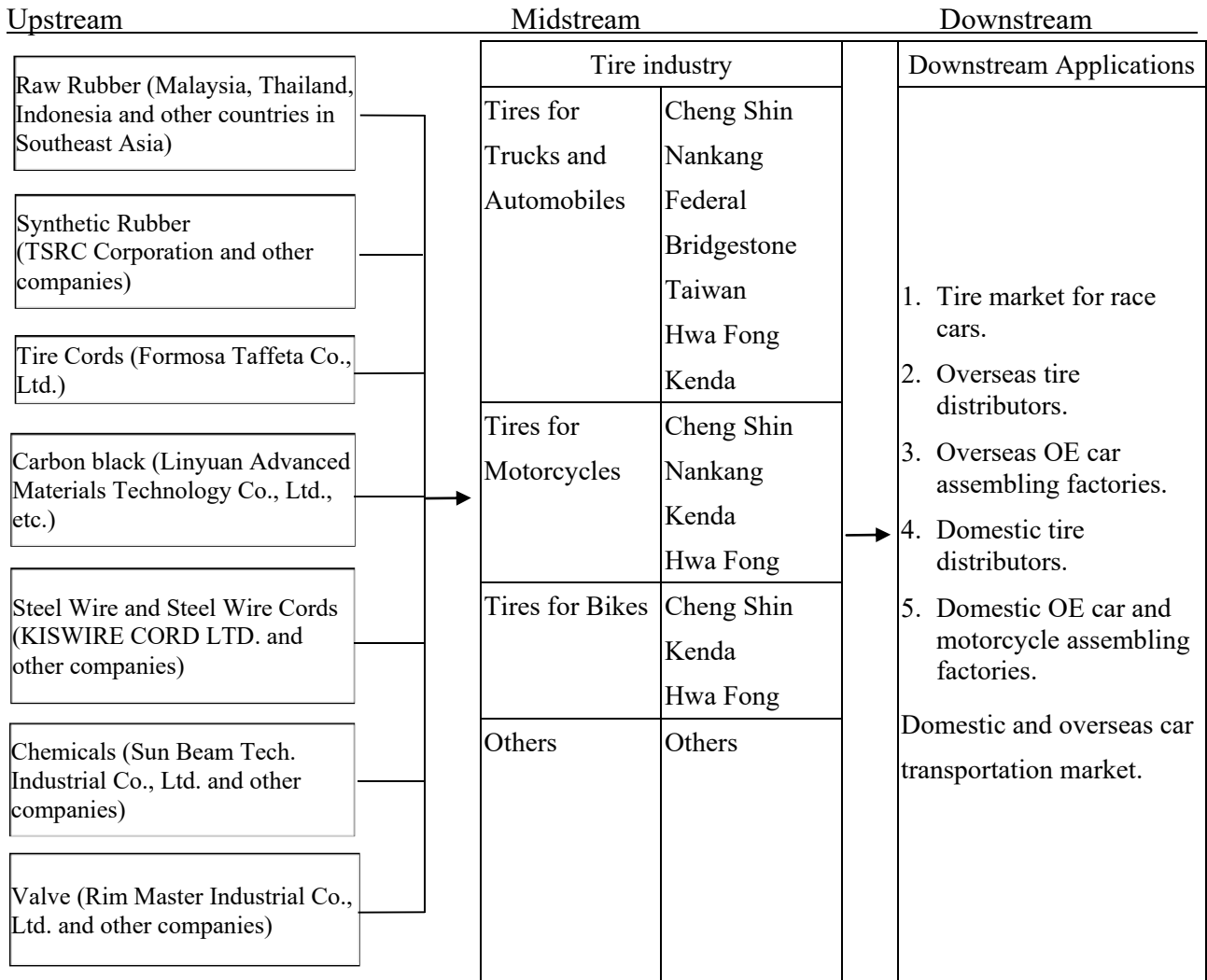
1. Industry Situation and Development

With the domestic rapid economic development and the continuous development and innovation of this industry, tire businesses are also flourishing, which improves the industrial technology for higher level tires. The Company's main products are the cover tires for automobiles and motorcycles. Due to the small market and limited road areas in Taiwan, as well as increasing importation after Taiwan's participation in the WTO, which makes marketing and sales of tires even more difficult because Taiwan's domestic market is already saturated. In view of this, the Company will be dedicated to the development of tires with high performance, lightweight, low rolling resistance, safety, and intelligence, so that the Company will be able to develop its market by continuously providing more leading products.

2. Relationship Among the Supply Chain

The rubber industry in Taiwan has formed a comprehensive supply chain after many decades of development. The supply chain can be described as the following: Upstream: capital-intensive raw material industry. Midstream: technology-intensive processing industry. Downstream: consisting of the applications in tire market for race cars, domestic and overseas OE car assembling factories, domestic and overseas tire distributors, and car transportation market. The diagram for upstream, midstream and downstream is as follows:

Diagram of Relationship Among Tire Industry in Taiwan



3. Product Development Trends and Competition Landscape

Information of The Development Trends And Competition of Products: For the entire market of tire products, the traditional cross-ply tires have been replaced gradually by the radial tires and the main reason is that the radial tires are able to reduce the possibility of flat tires and would provide the effects of oil saving, abrasion resistance, and driving safety. Also, the development trend of tire products is low aspect ratio and high performance tires. Due to market needs and higher consumers' needs for environmental quality, the Company plans to manufacture and provide high performance tires, low rolling resistance tires, safety tires, intelligent tires, steel wire radial tires, and other new products. The Company would like to enhance its development power by improving its technology and increasing product diversity and would also like to develop and dominate the market by continuously expanding leading products.

(III) Overview on Technology, Research and Development

1. Costs of Research and Development During the Current Fiscal Year and as of the Date of the Annual Report

Unit: NT\$ Thousand

Item \ Year	2021	As of February 28, 2022 (Note)
Research and development expenses	4,356,650	700,950
Net Operating Income	101,536,961	14,839,482
Percentage of net operating income	4.29%	4.72%

Note: 2022 information comes from self-prepared financial data from the Company.

2. Technology and Products Successfully Developed

- Development of PCR silent tires
- Development of new MAXXIS PCR/LTR tires
- Development of new spare tire products
- Development of motorcycle tires --high performance product series
- Development of new motorcycle radial tire products
- Development of bicycle tires --high performance product series
- Development of new ATV tires
- Development of new truck steering shaft product
- Development of RV tires

(IV) Long Term and Short Term Business Development Plan

1. Short-term plans

- (1) Continuing to develop products from all lines and formulating different sales models tailored to local markets based on the existing business
- (2) Promoting production process rationalization and flexibility to harmonize the production and distribution and to reach the most profitable business scale; implementing comprehensive quality management to achieve the goal of delivering top-quality products.

2. Long-term plan:

- (1) Optimizing quality and developing private-label products to increase market share and to establish complete global distribution channels and brand management strategies.
- (2) Continuously conducting R&D activities to maintain a leading position in manufacturing technology in the market and to take full advantage of the economics of large-scale production.

II. Market, Production and Sales Overview

(I) Analysis of Market

1. Analysis of Market and Production and Marketing Situation

(1) Sales markets:

Distribution Regions: market analysis is made based on our distribution regions -- North America, Central and South America, Europe, Middle East and Africa, Asia, and Oceania.

(2) Market Share:

Our revenue has remained ranking first place in Taiwan and we are the largest tire manufacturer in the Chinese-speaking region. Both of the world-renowned tire magazines, Tyres & Accessories and Tire Business, reported us as the 10th largest global tire manufacturer.

(3) Future Market Supply and Demand and Prospect:

The Company was granted the 2021 Nissan ASEAN Regional Supplier Quality Award in this year. This is the second time for us to receive this honor, which recognizes our outstanding performance through a series of evaluations ranging from product, manufacturing services, quality, service, and logistics, and shows Nissan's affirmation for Chen Shin.

We aim to embrace Industry 4.0 through coordinating automated equipment and digitized platforms, and improving all systems through smart management. We were the first in the industry to deploy the RFID+ automated management system in 2002. After years of renovations, the Kunshan Plant has completed semi-automated production and is transforming itself toward fully automated production. It was also awarded the Digital Factory Demonstration Award in the 2021 Vehicle - Tire Interdisciplinary Development Summit held in Beijing.

MAXXIS products received numerous accolades including magazine awards: Continuing the Best Tire of the Year award and No. 1 ranking from Australian and German magazines for many years in the Chinese market. MAXXIS HP5 has once again beat out competition in Switzerland's 2021 ViBilägare's magazine and was crowned the Summertime Tire Champion.

The Company has also actively developed niche markets in recent years. Besides the 4x4 all terrain new tire products achieving record-breaking sales figures in the U.S., Canada, New Zealand, Australia, and etc., our Go-Kart tires have also been selected by the Australian Karting Association for the first time, making us an official tire supplier for five years since 2022. Our MAXXIS racing tires were selected to be the exclusive suppliers for Cadet9 and Cadet12 races. To meet subsequent market demand on a timely basis, our new Go-Kart tire production line was also constructed and began operation at Plant No. 3 at the end of 2021, with the goal of becoming a world-class Go-Kart tire production site.

Our internationally-acclaimed tires for bikes have helped Australian, Swiss, and Columbia athletes to win one Gold and 2 Bronze medals at the Tokyo Olymics in 2021. In that same year, athletes sponsored by MAXXIS were victorious at the UCI World Championship, winning two Gold, two Silver, and one Bronze medals in the XCO and DH Elite races, as well as top 3 in Under-23 DH races for both men and women. Once again, the unparalleled functionalities of MAXXIS tires were shown to the world. In terms of user experience, based on the 2021 consumer survey from Pinkbike, an authoritative media in the North American market, MAXXIS mountain bike tires are widely praised, and were used by approximately 70% of the survey respondents. Moreover, nearly 60% of them will continue to repurchase MAXXIS mountain bike tires. The popularity of MAXXIS continues to trump the rest of the industry, and to dominate over the market. According to the most popular mountain bike brands in 2021 survey from German-based Enduro Mountainbike Magazine, the largest bicycle media in Europe, MAXXIS was once again voted the best tire brand, and was voted No. 1 in both German-speaking areas (Germany/Austria/Switzerland), as well as the rest of the world (International), scoring 48% in German-speaking areas, and 59% internationally, far surpassing all other brands. Our exceptional quality has translated to extremely high customer satisfaction, and coupled with world-class competitions, the MAXXIS tires for bikes brand has secured a No. 1 position worldwide, and sales orders are continuing to be filled until 2023. To meet the global demand for cycling both to/from work and for recreation in the post-pandemic era, the Company plans to construct a new bicycle tire production site at Douliu Plant in Yunlin. It is expected to begin production in July 2022.

Just like the philosophy from our Chairman, Mr. Chen, Yun-Hwa, We will always provide the best quality and opportunities to the hopeful new generations.

Besides receiving positive recognition for our quality, technology, and product functionalities, the Company is also committed to innovating new products. MAXXIS T Razr, a conceptual tire developed with the concept of electromagnetic deformation to target the electric vehicle market, has won the International Design Award of A' DESIGN AWARD. This is an event acknowledging and encouraging Cheng Shin's technical strength in tire research and development. It is also a witness that the Company's innovative design has won extensive acknowledgment in the international market.

In addition, the Company has also made some breakthroughs in the development of our overseas market. We have successfully penetrated the European EV market via our exceptional product quality, and have scheduled output delivery to BMW's electric scooter CE04. In terms of European carmakers, the Volkswagen Crafter and Caddy5 will also use MAXXIS tires. We successfully secured deals in Hyundai and Kia's North American supply chain in 2021. Our annual spare tire output for Toyota RAV4, Corolla, Lexus RX, and Highlander, all popular models in the North American markets, has reached over 1 million tires. We began supplying spare tires to the North American market in Q3 2020, and the output volume reached 1.4 million tires in 2021. MAXXIS USA was awarded the Supplier Quality Award and Outstanding Supplier Award from Toyota and Subaru for two consecutive years from 2020 to 2021. Furthermore, our assembling business has reached the Latin American market and we began supplying to the Brazilian OE assembly plant Stellantis in 2021. At the same time, several best-selling Nissan car models in Mexico are also equipped with Cheng Shin MAXXIS tires. ATV assembling business continued to receive orders from Polaris, Honda, and Kawasaki for their high-end models, and continued to rank first in market share in North America.

The Company's products are sold in over 180 countries worldwide. In addition to our strategic mapping of the overseas repairs market, we actively expand our distribution channels and locations. With the rapid growth of emerging markets and sustained economic recovery in the North America region, the global automotive industry is thriving and the demands for vehicle tires are boosting. Since the financial crisis, the automotive industry has been growing at a steady pace, further fueling the strong demands in certain markets, such as China, Southeast Asia, South Asia, Mexico, and New Zealand and Australia. As a result, major tire manufacturers around the world continue to invest in building new facilities to meet the anticipated demands in these markets.

In terms of global operations, Cheng Shin Group has set up offices in the Netherlands, Japan, and other regions. In 2020, it set up additional business personnel in Mexico to strengthen the development of the local market and serve the needs of customers nearby. The functional effect of the existing offices has gradually emerged, which is conducive to the development of local markets.

The Company has begun building our Go-Kart race tire production line in Taiwan. The new production line is being constructed at Douliu Plant No. 3 and is expected to begin production by mid 2022. This makes Cheng Shin more complete in global layout and more efficient in global strategic integration and distribution in the whole business sales and internal resources. The world-class testing ground completed in Shanghai Plant is equipped with the most perfect testing equipment and site in Asia at present, highlighting Cheng Shin Group's continuous improvement in the tire industry. With regard to our comprehensive plan in Asia, our factory in India, which started manufacturing in August 2017, mainly aims at India's sales volume of 18 million motorcycles per year. Its production directly supplies motorcycle tires to assembly factories and will then make advances into India's automobile and truck tire market. Our factory in India produces 6 million motorcycle tires annually at the first phase. After the expansion completed at the third phase, the annual production volume will increase to 18 million tires. Moreover, in 2018 the tires have been sold at more than 1000 retailers, making it a great milestone. The Indonesian plant, which started operation in October 2017, has achieved a daily production capacity of more than 24,000 tires in December 2021. In response to the estimated nearly 9 million tire orders in 2022, the plant will continue to expand its production capacity and reach the milestone of 34,000 tires per day by the end of 2022.

(4) Competitive Niches:

The Company will uphold the core value of “Integrity & Innovation”, “Honorable Brand” and “Safety First, Human First” advocated by Chairman Chen, Yun-Hwa as well as the operating concept of “Three One Hundred Percent” and aggregate suppliers, customers and employees again to call their cohesive force towards the MAXXIS grand family. We will follow the human resource concept based on talent, reinforce the strategic organization capacity with the effective capacity to integrate resources of the Group and enhance the technical force so that Cheng Shin will keep growing in the global tire industry.

In 2021, Cheng Shin is once again recognized as one of the Top 10 Global Brands in Taiwan with a brand value of USD264 million for the 18th consecutive year, an honor sponsored by the Bureau of Foreign Trade of the Ministry of

Economic Affairs, Taiwan External Trade Development Council and Interbrand, a global brand consultancy. Cheng Shin adopts a global diversified brand-name strategy for its Cheng Shin, MAXXIS, and PRESA brand names with respect to different cultures. Marketed with English brand names and incorporate elements of the western cultures to cater to western consumers. Not only has Cheng Shin been widely known as tire brands in the Greater China region, but it also has been recognized as the best-selling brand under a well-known trademark in China. We aim to raise the brand name recognition in the market in the future by routinely participating in auto shows in Taiwan and overseas and sponsoring major sports events to grow consumers' appreciation of our brand names with a multi-faceted platform strategy.

Cheng Shin has made significant improvements to its products by strengthening technical alignment with raw material suppliers such as Degussa and Exxon. We seek to strike an ideal mechanical balance between treads and structure to the tire with the unique and innovative VIP (Virtual Intelligence Prototyping)/automated intelligent prototype design technique and renovate tire design techniques. Multiple research papers have been published in internationally renowned journals, such as the International Journal of Vehicle Design (UK) and the International Journal of Materials and Product Technology (USA).

(5) Advantages and Disadvantages for Developmental and Action Plans

Advantages:

With joint efforts of our factory building staff, our facilities in Indonesia and India began production in 2017. The additional production capacity will help us cater to the rising tire demand and increase Cheng Shin's market share. Under the CEPT (Common Effective Preferential Tariff) Scheme of ASEAN, regional growth strengthened. The geographic advantages of our facilities in Indonesia, Thailand, and Vietnam readily support the demand of the emerging markets and enable us to provide more competitive products to the consumers manufacturing locally.

With collaborations with global automakers, we have made significant progress in promoting our tires for some of the best-selling car models around the world. Recently, we have successfully entered the supply chain of General Motors and Nissan in Mexico. These are proofs of Cheng Shin's step-by-step progress towards increasing the product exposure and market share in new markets.

Amid in global consumption contraction tendency, consumers are becoming more price-sensitive purchasing replacement tires. Compared with main strain tire manufacturers in Europe, America, and Japan, Cheng Shin maintains a leading position in the market by providing more competitive products with outstanding quality and affordable prices, creating a great opportunity for us to gain market share.

Disadvantages and countermeasures

In 2021, the Novel Coronavirus Pneumonia (COVID-19) pandemic tended to be alleviated and regional demands recovered and rebounded. However, problems including the reduced cargo voyages from global shipping companies, labor shortage, harbor congestions, and a serious deficiency of containers and shipping spaces, have led to disruptions in the global supply chain and consequently caused an abrupt rise of the export freight. To deal with such challenges, Cheng Shin partnered with suppliers and customers to form mutually-beneficial strategies based on past partnership experiences, thereby enhancing the scale and sales volume of our Group in spite of adversities. The Company has been closely monitoring the fluctuations of market supply and demand and keeping in touch with each regional distributor for the latest market information to timely announce the price adjustment. At the same time, we also continued the process of integrating new and previous products and replacing the product portfolio with products of high added value to adapt to the ever-increasing market needs and the ever-changing severe challenges we face at the current time.

Facing the operational environment in 2022 and the next 3 to 5 years, we envisage even more drastic changes, therefore we must promptly strengthen our ability to adapt, our core capabilities, and our competitiveness. Only by possessing world-class capabilities and competitiveness will we be able to adapt to the complicated and highly changeable market from now on. Therefore, in the future we will take advantage of our capabilities in technology, sales and distribution, manufacturing and management to build our core operations, to achieve globalization, and to enhance the regional sales and technical support so that the global headquarters can work closely with different regions and utilize local manufacturing to strengthen ties.

2. Analysis of Domestic Market:

(1) 2021 Domestic Market Overview:

The COVID-19 pandemic continued to affect the world in 2021, and a three-month Level 3 epidemic alert was also imposed in Taiwan. The global

shutdowns, shortage of labor, and harbor congestions, fueled by the pandemic, also worsened, and the prices of raw materials and sea freight costs continued to soar. There was a severe imbalance in the market supply and demand because of the pandemic.

Though the pandemic gradually stabilized in Taiwan after implementing the Level 3 alert, but the inflation of the NTD against USD, Japanese Yen, and Korean Won had made imported brands increasingly competitive, and competition became even more severe within the industry.

The hotel and food industries had also severely declined due to the epidemic control measures; however, online shipping platforms and logistics and shipping had grown significantly thanks to the pandemic, leading the demand for various small and medium-sized truck tires and motorcycle tires to grow at the same time.

Moreover, executions of the “total automation of city buses by 2030” and “6th Environmental Action Programme (EAP) had also led to rapid growth in sales of trucks and passenger cars.

Confronted with rapid changes in market demand and intense industry competition, MAXXIS has responded by rapidly launching various new products in different markets. Such products included the MA219 tire for large trucks and passenger cars, MCV5 for medium-sized passenger cars and trucks, and XR1 for motorcycles. The numerous difficulties and challenges in 2021 were finally resolved through the hard work of everyone at MAXXIS family.

(2) Business outlook for 2022:

An overview of all the changes that took place in 2021 shows that not only have these changes severely affected the global market, but their impacts will continue in 2022. From social distancing during the peak of the pandemic to the surge in consumerism post-pandemic, we should continue to uphold Cheng Shin’s core value of “Integrity & Innovation” and our traditions of persisting in exceptional quality. We will also be committed to the consumers and research and develop products that satisfy customer needs, as well as strive to provide well-rounded, customer-oriented service.

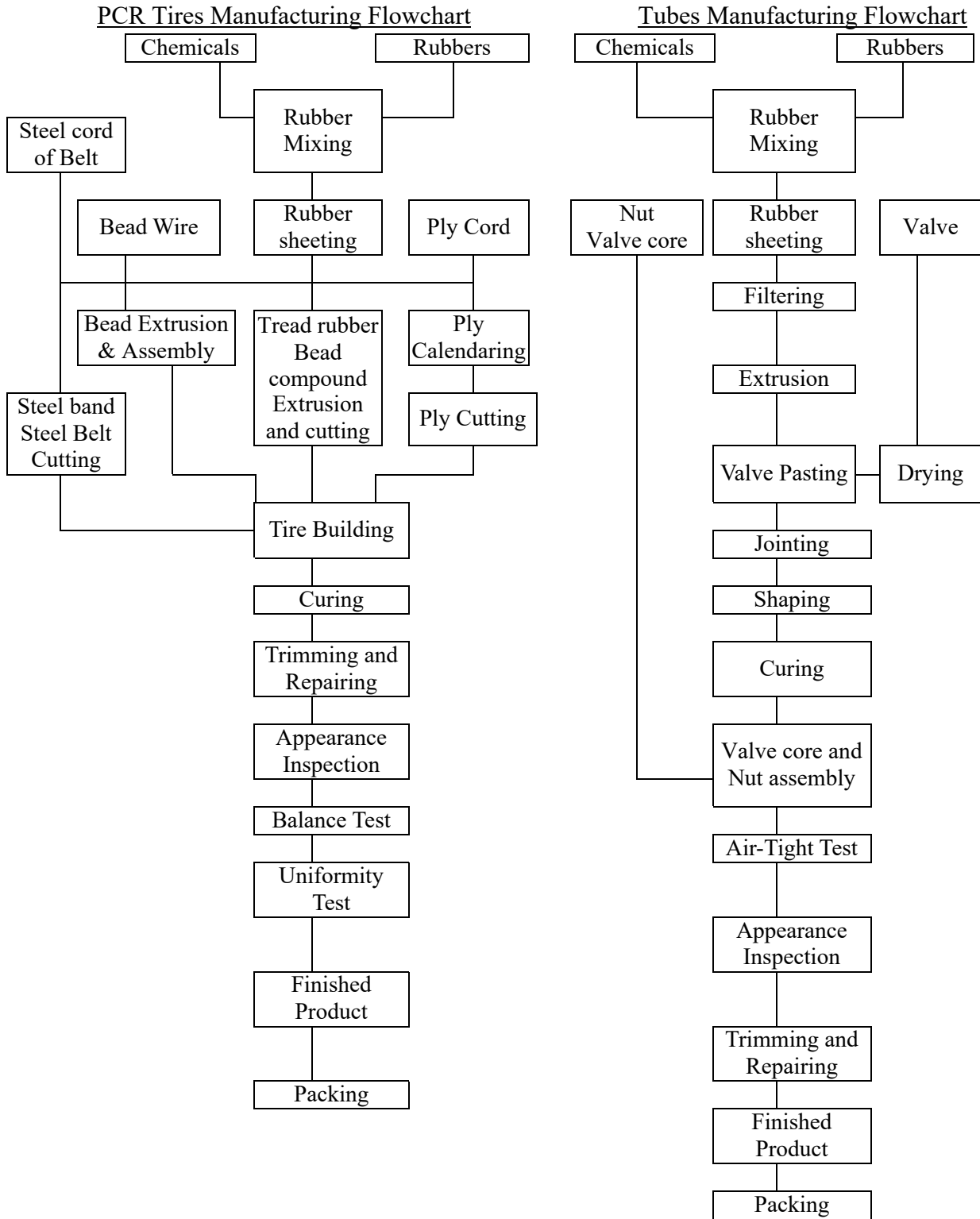
“Remembering our roots.” While pursuing for corporate growth and development, we continue to develop and to give back to the local communities and to practice our corporate social responsibility (CSR). We aim to provide products with higher quality and functionality, and services with even higher standards to address the expectations of the consumers, and to protect the safety of everyone on the road.

(II) Key Functions and Manufacturing Process of Core Products

Core Products: Tires

Application: Transportation

Manufacturing Process:



(III) Supply of Key Materials

Name of Raw Material	Volume (Ton)	Supplier
Rubber	227,164	Sintex Chemical Corp., etc.
Synthetic Rubber	223,952	TSRC Corporation, etc.
Fabric	47,370	FORMOSA TAFFETA Co., Ltd., etc.
Carbon black	215,852	Linyuan Advanced Materials Technology Co., Ltd., etc.
Steel Wire and Steel Wire Curtain Cloth	92,217	KISWIREARCELORMITTAL LTD, etc.
Chemicals	100,487	Sun Beam Tech. Industrial Co., Ltd., etc.
Valve	160,636 (Thousand tires)	Rim Master Industrial Co., Ltd., etc.

(IV) Name of the customer and the amount and proportion of the sales (purchase) amount that have accounted for more than 10% of the total sales (purchase) amount in any of the recent two years

1. Suppliers with 10% or More of the Procured Amount:

Unit: NT\$ Thousand

Item	2020				2021			
	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company
1	N/A	-	-	-	N/A	-	-	-
	Net Supplied Amount	51,732,210	100.00	-	Net Supplied Amount	61,235,133	100.00	-

2. Customers with 10% or More of the Operating Revenue:

Unit: NT\$ Thousand

Item	2020				2021			
	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company	Name	Amount	Percentage in Total Net Supply (%)	Relationship with the Company
1	N/A	-	-	-	N/A	-	-	-
	Net Sales Amount	96,209,056	100.00	-	Net Sales Amount	101,536,961	100.00	-

Note: Customer with more than 10% of the total sales (purchase) in any of the most recent two years, their purchase amount and their proportion, and specify the reason for their changes. Codes may be used for transaction parties that may not be disclosed pursuant to a contract term or that are a non-related party individual.

(V) Production quantity of the last two years

Unit: Unit: Thousand tires

Amount NT\$ Thousand

Year Production Volume/Value Core Products	2020			2021		
	Production Capacity	Production Volume	Value of Production	Production Capacity	Production Volume	Value of Production
PCR	54,715	34,875	28,551,744	62,358	33,752	29,665,709
TBR	6,860	4,364	14,811,761	8,189	3,865	14,071,352
MC	58,720	40,753	9,282,934	65,447	45,651	11,343,356
BC	102,357	86,380	6,706,320	115,649	95,092	8,088,594
TUBE	166,817	129,797	3,260,660	176,204	147,117	3,752,257
Other tires	29,805	20,442	7,886,665	34,357	23,447	9,169,174
Other products (Note)	-	-	20,634	-	-	12,380
Total	419,274	316,611	70,520,718	462,204	348,924	76,102,822

Note: Other products: Refer to rubber and tire-related industrial products.

(VI) Sales volume for the latest two years

Unit: Unit: Thousand tires

Amount NT\$ Thousand

Year Sales Volume/Value Core Products	2020				2021			
	Domestic Sales		Overseas Sales		Domestic Sales		Overseas Sales	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
PCR	24,834	27,309,496	10,760	11,542,041	22,084	26,632,592	11,081	12,784,945
TBR	3,910	16,919,663	505	2,296,739	3,313	13,919,908	536	2,367,804
MC	32,372	9,024,267	7,663	3,691,490	35,898	10,860,942	8,534	4,389,429
BC	66,357	6,898,434	20,416	3,394,982	66,042	7,417,516	28,754	5,369,331
TUBE	77,813	3,055,982	54,568	1,805,233	76,948	3,090,736	68,333	2,342,990
Other tires	16,034	7,717,896	3,957	2,885,143	18,532	9,146,459	4,634	2,948,718
Other products (Note)	-	559,266	-	54,087	-	890,721	-	105,140
Sales return and allowances	-	-2,141,969	-	-62,203	-	-1,435,262	-	-30,622
Transaction and insurance costs	-	-870,966	-	-241,551	-	-456,705	-	-503,601
Others	-	-	-	2,371,026	-	-	-	1,695,920
Total	221,320	68,472,069	97,869	27,736,987	222,817	70,066,907	121,872	31,470,054

Note: Other products: Refer to rubber and tire-related industrial products.

Others: Refer to operating revenue not attributable to tire manufacturing business.

III. Analysis of the employees in the most recent two years

Year		2020	2021	Current year As of February 28, 2022
Number of Staff	Technicians	6,447	5,384	5,229
	Administrative staff	2,907	3,214	2,982
	Position	19,242	17,001	17,265
	Total	28,596	25,599	25,476
Average age		35	36	36
Average Service Year		7	8	8
Academic distribution ratio	PhD	17	15	15
	Master's	742	615	604
	Bachelor's (community college)	8,363	7,619	7,610
	High school	8,599	7,560	7,550
	Below high school	10,875	9,790	9,697

IV. Environmental Protection Expenditures:

Any losses suffered by the Company in the most recent fiscal year and up to the Annual Report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

(I) Compensations: None.

(II) Environmental protection audit result

Sanction Date	Sanction No.	Violated Regulation	Fact of Violation	Sanction Detail
2021.05.17	30-110-050009	Violation of Paragraph 1, Article 28 of Water Pollution Control Act	Due to malfunctions of the pumps and level gauge, the wastewater was discharged into the treatment unit, and when it became full, the wastewater had run off from the channels next to the wastewater facility. This negligence has led wastewater to enter the surface body of water outside of our perimeters.	NT\$975,910
2021.06.22	30-110-060019	Violation of Paragraph 1, Article 14 of Water	Wastewater unit did not function normally in accordance with the permit. The daily tap water consumption volume is 188 m ³ ; however, the onsite inspection of	NT\$231,000

Sanction Date	Sanction No.	Violated Regulation	Fact of Violation	Sanction Detail
		Pollution Control Act	information on source of water intake indicated that average daily water consumption was 643 m ³ , which does not comply with the registered daily consumption volume of 188 m ³ .	
2021.11.25	23-110-110006	Paragraph 2, Article 23 of Air Pollution Control Act	The person liable to penalty was contracted to execute the "Construction engineering of Plant No. 3, fences, and gates of Cheng Shin Rubber Industry Co. Ltd." (Control No. P110P1Z115-1), upon construction site inspection from the Environmental Protection Bureau of Yunlin County on October 30, 2021, it was found that the material stack at the site was not covered with dust shield and dust netting in line with regulations, the pavement on the vehicle pathway was not washed, and no management procedure was implemented on its bare ground. Article 23 of the Air Pollution Control Act has been violated.	NT\$100,000

*Explanation of the measures to be taken and possible disbursements to be made in the future:

The way of improvement is to immediately revise the number of declarations to meet the situation of the scene. After the revision, there will be no additional extended penalty in this case.

V. Labor relations:

- (I) The Company's employee benefit measures, continuing studies, training, retirement system, and their implementations, as well as interactions between the management and the employees and measures taken to protect the employees' benefits

1. Employee Benefits:

The recruitment and employment of talents by the Company do not differ by race, gender, age, religion, nationality or political party. As of December 31, 2021, the total number of employees of the Company was 5,262 in Taiwan head office. The ratio of female employees is 15.8%; the ratio of female managers is 0.4%; while the ratio of senior managers is 0.6%. Due to the industrial characteristics, the proportion of female employees was relatively low; The number of regular employees exceeds 97% of the total number of employees, and the informal employees are all dispatched employees, work study students or outsourcing employees. There are 66 people with

physical and mental disabilities in Taiwan, accounting for 1.25%, which meets the legal standard. The Company's employees, including the senior management, accept the fair and rigorous performance appraisal mechanism, and take it as the basis for promotion and reward. In terms of employment, it aims to recruit talents and create a multi-cultural environment, and takes local employment and feedback as the principle.

For the welfare of our employees, we provide benefits in addition to salaries to our employees that are more preferential than what's required under the law. The welfare matters of the Company can be divided into four categories according to their nature, including related security, Living welfare, festival activities, and employee support, as follows:

- Statutory benefits: Social insurance, public holidays, healthcare examination, medical consultation to attending physician, pension, and employee benefits.
- Living benefits: Meals, uniform, housing, parking, store discounts, and leisure center.
- Holiday activities: Bonus and/or gifts for Chinese New Year, Dragon Boat Festival and Mid-Autumn Festival, year-end bonus, year-end party allowance, field trip allowance, and family day.
- Employee support: Medical allowance, condolence payments, wedding/funeral/disability benefits, group insurance, and accident insurance, and scholarship for employees' children.
- Maternity/paternity leave: We also provide maternity/paternity benefits to our employees pursuant to the law. In 2021, the number of employees applied for maternity/paternity leave is as follows:

Item	Male	Female	Total
Employees who applied for maternity/paternity leave in 2021	31	39	70
Employees expected to be on maternity/paternity leave in 2021 (A)	21	20	41
Employees reinstated from maternity/paternity leave in 2021 (B)	12	15	27
Rate of returning to work (B/A)	57.1%	75.0%	65.9%

2. Employee Education and Training:

We are committed to building a continuous and fulfilling learning environment for employee education and training purposes. Under this core value, we adopted "Rules Governing Education and Training" to plan training courses based on professional skills required for each department and offer developmental opportunities to the entity and individuals by way of internal and external trainings. We also provide general-knowledge, technical, and management training classes targeted at different job functions and levels of employees to enhance their professional and management skills. We invite outside experts to give lectures, and train speakers from within the Company as part of the conveyance of important knowledge and know-how of the Company, thereby sustaining our corporate culture and strengthening employee competitiveness.

In 2021, the Company organized 1,924 vocational courses and 115 project-based courses, with a total of 2,039 courses. The total training hours were 40,783 hours, and the average training hours per employee was 8.44 hours.

(1) New employee training:	Aimed to provide new employees with an orientation to the training courses including the Company's corporate culture safety training, quality concepts, policy and procedures to help them adapt to the new environment and fit into the culture of the organization. Once the orientation training is completed employees still need to take the onsite training and obtain the qualification and capability for the job. The new employee will also be assigned mentors for assistance.
(2) Training by job level:	A series of topical courses designed for different job levels to improve employees' management skills and efficiency. The trainings will be given on topics such as presentation training and report writing for trainee level employees. The training will be given on topics such as presentation training and report writing for trainee level employees; communication skills daily management and problem-solving steps to enhance the efficiency for junior management; policy management leadership case study for officer level management. In recent years, we have optimized the learning roadmap, the project based programs that are focused on elevating the capability of middle-top management are now conducted regularly on an annual basis to keep the management up to date and continue their learning. The training will also incorporate work safety program, corporate culture and risks mitigation, and cost management. Employees' training will start early before

	employees reach management level to cultivate their management skills from very early on.
(3) Special course:	For example, a series of courses, such as briefing skills and report writing, are offered for reserve personnel to help them integrate into the working environment and master the pace and efficiency of work; For grassroots cadres, courses such as interpersonal communication, daily management and problem-solving steps are offered to improve their work efficiency; For supervisors, courses such as policy management and leadership case study are offered to improve their leadership and management skills. Plan different professional courses for each position, so that colleagues can get perfect training in each stage. For example, in the initial stage of entering the factory provide job training according to the knowledge and skill required by each position; In addition, it provides professional functional training in the fields of production management, R & D, quality assurance and other professional departments to guide colleagues to focus on their own work, realize themselves and give full play to their potential; For the employees of special technical posts, such as maintenance electrician, electric welder, CNC lathe, etc., the training plan for special types of work is provided to help them obtain professional qualification certificate, so as to ensure that the employees have the professional ability required by the job. With the assistance of internal lecturer training and Two-way teaching, the company's exclusive internal lecturers are trained to teach professional courses from and across units, so as to assist the transfer and inheritance of intellectual capital and become the hub of knowledge and model transfer within the organization.
(4) Project-based programs:	a variety of project-based programs designed to meet the employees' learning needs in different areas based on the annual training target. These programs include five core tools to elevate quality management, enhancing managerial skills for trainee management and R&D trainings.
(5) Personal development:	We provide opportunities for our employees to acquire new knowledge by offering financial support for language learning and hosting talks on topics such as coffee and lifestyle, health labor laws, and regulations.

Other than on-the-job training and on-site demonstrations, we also emphasize the integration of theoretical knowledge and practical experiences.

3. Retirement System and Implementation Status: We comply with the requirements of the Labor Standards Act and Labor Pension Act.

(1) Former pension system:	The Company sets aside 2% of the employee's total salary each month as pension funds and deposit it to the designated account under the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Before the end of each year, the Company shall assess the balance in the designated account. If the total available amount of the appropriation is less than the amount required for the payment of pensions to all the employees who are eligible to retire in the following year, calculated according to the above method, the Company will make up the deficiency in one single appropriation before the end of March in the following year. As of December 31, 2021, the amount of pension funds recognized by the Company under the former pension system was NT\$14,905 thousand.
(2) New pension system:	The new pension system is available to all employees who came onboard as of July 1, 2005. If an employee chooses to be subject to the new pension system, the Company will appropriate a set amount of pension funds into such employee's personal bank account (appropriation by the Company). Alternatively, the employee may appropriate 1-6% as pension funds to his/her personal bank account (appropriation by the employees). As of December 31, 2021, the amount of pension funds recognized by the Company under the new person system was NT\$148,645 thousand.

4. Employee satisfaction:

The Company conducts employee satisfaction survey regularly. The survey includes the following areas: corporate system and culture, work environment, educational training, salary, and benefits. The employee satisfaction survey is one of the many measures we've taken to receive employee feedback. We take the results of the survey as a point of reference to improve company policies. In 2021, the questionnaire design continued to focus on the areas to be improved, and the results indicated that employees are generally well aware of their job responsibilities and duties, are satisfied with their jobs, and feel that they can interact well with the colleagues they work with.

5. Other Material Contracts:

To elevate work efficiency, improve work conditions and strengthen harmony between employees and employer, the Company has set up the labor union in accordance with the local regulations. The employees are all protected by the collective agreements signed by the Company and the labor union.

(II) In the most recent year and up to the date of publication of the Annual Report, the losses incurred due to labor disputes (including no violation of the Labor Standards Law in the result of labor inspection, the date of punishment, the name of punishment, the provisions of violation of laws and regulations, the content of punishment) and the estimated amount and countermeasures that may occur in the future shall be listed. If it cannot be reasonably estimated, the fact that it can not be reasonably estimated shall be stated:

1. Losses incurred in the most recent year and up to the date of publication of the Annual Report are as follows:

No.	Sanction Date	Sanction No.	Violated Regulation	Fact of Violation	Sanction Detail
1	110.06.04	1100197090	Paragraph 4, Article 38 of the Labor Standards Act	Annual paid leave was terminated at the end of the year or end of the employment contract, and wages were not paid for leaves that were not taken in line with the regulations.	NT\$20,000 penalty.
2	110.08.31	1100305236	Paragraph 4, Article 38 of the Labor Standards Act	Annual paid leave was terminated at the end of the year or end of the employment contract, and wages were not paid for leaves that were not taken in line with the regulations.	NT\$50,000 penalty.
3	111.02.10	1110044384	Article 23 of the Labor Standards Act	Wages were not paid on the contracted date of payment.	NT\$20,000 penalty.

2. Response measures: The Company will comprehensively review the compliance to the Labor Standards Act and hopes to achieve our goal of zero violation.

VI. Information and communications security management:

(I) Specify the information and communications management framework, information and communications security policy, substantial management programs, and resources invested toward information and communications management and more:

1. Information security risk management framework:

The Company's information system is structured with two highly reliable host computers, remote backup, and data backup mechanism based on its risk level to ensure continuous service. In addition, the backup data are stored and saved at

another location and the drill of mock tests and emergency responses is regularly performed to ensure the normal operation and safeguards of the information system. The risk of system crash due to the unpredictable natural disasters and personal negligence is also lowered to ensure that the expected system recovery timeline is met.

2. Information and communications security policy:

Formulate information security policy in the spirit of information security management system (ISO27001), specify the implementation of various security measures and strengthen the audit management. Strengthen information security management to ensure the availability, integrity, and confidentiality of information systems, and protect them from internal and external deliberate or accidental threats

3. Substantial management programs, and resources invested toward information and communications management:

With the aim to quickly and successfully resume business operation and lower the extent of possible losses and risks when the event of information system damage occurs, the countermeasures are in place such as the regular analysis of disasters impact on operations performed every year, the designing and upgrading of the proper software and hardware equipment and resources based on their risk levels, and the improvement of the operation procedures.

To respond to the advances of technology, electronic data protection system updates have become even more important. With regard to data protection, we further reinforce the protection of the clients' intellectual property in addition to the multiple protective measures of data encryption. Moreover, the office computers are all equipped with the automatic electronic data protection system, which allows the clients' sensitive documents to be protected once they are transmitted to the Company and actively prevent them from being opened by any non-company personnel. What is more important is that any operations that are not permitted will be recorded in a log with details of the administrators and general users conducting the operations tracked. The tracked operations include (1) file decryption (2) document printing and (3) file deletion. If any unusual operation occurs, the system will alert the system administrator to investigate and analyze the incident so as to fully protect the electronic data and avoid the danger of the data leak.

4. The company has always been the most rigorous attitude to completely protect the customer's intellectual property and identity privacy, control every product confidentiality and confidentiality of documents and information files. Therefore, through the continuous updating of data and the establishment of leakage protection

mechanism, we strive to achieve "data protection without leakage", so that customers and suppliers can completely rest assured when dealing with Cheng Shin.

- (II) In the most recent year and up to the date of publication of the Annual Report, the losses incurred due to major information and communications security incident, and estimated amount and countermeasures that may occur in the future shall be listed. If it cannot be reasonably estimated, the fact that it can not be reasonably estimated shall be stated:

The Company did not experience any major information or communications security incident in the most recent year and up to the date of publication of the Annual Report.

VII. Important Contracts: None.

Chapter 6. Financial overview

I. Condensed balance sheet and income statement of the most recent five years

Consolidated condensed balance sheet – International Financial Reporting Standards (IFRS)

Unit: NT\$ Thousand

Item	Year	Financial data over the past 5 years					Current year As of March 31, 2022 Financial Data
		2017	2018	2019	2020	2021	
Current assets		66,663,624	63,023,450	58,929,975	52,902,892	59,815,886	No relevant information
Property, plant and equipment, net		105,007,683	103,254,578	95,889,585	89,547,273	81,500,318	
Intangible assets, net		110,233	237,050	246,790	181,768	222,669	
Other assets		7,302,715	8,247,690	8,973,879	8,693,220	8,183,124	
Total assets		179,084,255	174,762,768	164,040,229	151,325,153	149,721,997	
Current liabilities	Before distribution	42,078,364	44,487,184	43,404,174	34,395,009	35,341,395	
	After distribution	47,912,912	48,052,741	46,645,590	38,284,708	-	
Non-current liabilities		54,114,588	50,457,578	42,665,368	35,954,863	32,903,234	
Total liabilities	Before distribution	96,192,952	94,944,762	86,069,542	70,349,872	68,244,629	
	After distribution	102,027,500	98,510,319	89,310,958	74,239,571	-	
Equity attributable to owners of parent		82,205,292	79,193,782	77,395,683	80,437,095	80,918,468	
Share capital		32,414,155	32,414,155	32,414,155	32,414,155	32,414,155	
Capital surplus		52,576	52,576	52,576	53,267	67,770	
Retained earnings	Before distribution	54,168,622	51,927,349	51,833,197	54,580,969	56,024,682	
	After distribution	48,334,074	48,361,792	48,591,781	50,691,270	-	
Other equity interest		(4,430,061)	(5,200,298)	(6,904,245)	(6,611,296)	(7,588,138)	
Treasury Stock		-	-	-	-	-	
Non-controlling interest		686,011	624,224	575,004	538,186	558,899	
Total equity	Before distribution	82,891,303	79,818,006	77,970,687	80,975,281	81,477,368	
	After distribution	77,056,755	76,252,449	74,729,271	77,085,582	-	

Note: CPA reviewed financial information from Q1 2022 is not yet available at the date of publication of this Annual Report.

Condensed Individual Balance Sheet — International Financial Reporting Standards (IFRS)

Unit: NT\$ Thousand

Year		Financial data over the past 5 years				
		2017	2018	2019	2020	2021
Item						
Current assets		19,434,044	19,892,507	14,363,866	12,343,254	15,391,084
Property, plant and equipment, net		15,747,604	16,326,183	16,668,254	16,234,596	15,540,737
Intangible assets, net		94,890	70,740	40,633	8,740	23,483
Other assets		85,207,137	82,548,279	81,783,205	86,397,260	85,588,083
Total assets		120,483,675	118,837,709	112,855,958	114,983,850	116,543,387
Current liabilities	Before distribution	7,778,876	13,044,084	11,168,216	13,385,944	14,674,942
	After distribution	13,613,424	16,609,641	14,409,632	17,275,643	-
Non-current liabilities		30,499,507	26,599,843	24,292,059	21,160,811	20,949,976
Total liabilities	Before distribution	38,278,383	39,643,927	35,460,275	34,456,755	35,624,918
	After distribution	44,112,931	43,209,484	38,701,691	38,436,454	-
Equity attributable to owners of parent		82,205,292	79,193,782	77,395,683	80,437,095	80,918,469
Share capital		32,414,155	32,414,155	32,414,155	32,414,155	32,414,155
Capital surplus		52,576	52,576	52,576	53,267	67,770
Retained Earnings	Before distribution	54,168,622	51,927,349	51,833,197	54,580,969	56,024,682
	After distribution	48,334,074	48,361,792	48,591,781	50,691,270	-
Other equity interest		(4,430,061)	(5,200,298)	(6,904,245)	(6,611,296)	(7,588,138)
Treasury Stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Equity Total Amount	Before distribution	82,205,292	79,193,782	77,395,683	80,437,095	80,918,469
	After distribution	76,370,744	75,628,225	74,154,267	76,547,396	-

Note: Financial information is prepared under IFRS and has been verified by independent auditors.

Condensed Consolidated Income Statement - International Financial Reporting Standards (IFRS)

Unit: NT\$ Thousand

Year Item	Financial data over the past 5 years					Current year As of March 31, 2022 Financial data (Note)
	2017	2018	2019	2020	2021	
Operating income	112,309,166	109,221,209	109,507,773	96,209,056	101,536,961	No relevant information
Gross operating profit	25,678,070	24,322,942	23,959,533	23,988,650	22,387,319	
Operating profit and/or loss	8,398,492	7,415,189	7,003,132	8,596,725	7,653,811	
Non-operating income and expenses	(16,623)	(1,505,548)	(1,175,833)	(440,019)	(497,810)	
Profit before income tax	8,381,869	5,909,641	5,827,299	8,156,706	7,156,001	
Net Income from Profit for the year	5,602,025	3,574,638	3,515,697	6,001,203	5,294,850	
Loss from discontinued operations	-	-	-	-	-	
Net profit of the period	5,602,025	3,574,638	3,515,697	6,001,203	5,294,850	
Other consolidated profits and losses in the current period (Net Profit After Tax)	(1,255,864)	(813,387)	(1,755,905)	279,804	-917,567	
Total comprehensive income for the year	4,346,161	2,761,251	1,759,792	6,281,007	4,377,283	
Net profit attributable to the owners of parent company	5,541,785	3,520,320	3,466,827	5,988,702	5,270,007	
Net profit attributable to non-controlling interest	60,240	54,318	48,870	12,501	24,843	
Total comprehensive income attributable to the owners of parent company	4,436,287	2,823,038	1,767,458	6,282,137	4,356,570	
Total comprehensive income attributable to non-controlling interest	(90,126)	(61,787)	(7,666)	(1,130)	20,713	
Earnings per share	1.71	1.09	1.07	1.85	1.63	

Note: CPA reviewed financial information from Q1 2022 is not yet available at the date of publication of this Annual Report.

Condensed Individual Income Statement - International Financial Reporting Standards (IFRS)

Unit: NT\$ Thousand

Year Item	Financial data over the past 5 years				
	2017	2018	2019	2020	2021
Operating income	19,437,442	19,374,623	19,497,888	18,926,294	20,707,983
Gross operating profit	5,038,162	4,487,262	3,692,021	4,697,691	5,517,645
Operating profit and/or loss	1,338,775	648,205	(56,880)	953,296	2,171,864
Non-operating income and expenses	5,663,820	4,238,255	4,555,370	5,792,738	4,134,631
Profit before income tax	7,002,595	4,886,460	4,498,490	6,746,034	6,306,495
Net Income from Profit for the year	5,541,785	3,520,320	3,466,827	5,988,702	5,270,007
Loss from discontinued operations	-	-	-	-	-
Net profit of the period	5,541,785	3,520,320	3,466,827	5,988,702	5,270,007
Other consolidated profits and losses in the current period (Net Profit After Tax)	(1,105,498)	(697,282)	(1,699,369)	293,435	(913,437)
Total comprehensive income for the year	4,436,287	2,823,038	1,767,458	6,282,137	4,356,570
Net profit attributable to the owners of parent company	5,541,785	3,520,320	3,466,827	5,988,702	5,270,007
Net profit attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to the owners of parent company	4,436,287	2,823,038	1,767,458	6,282,137	4,356,570
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.71	1.09	1.07	1.85	1.63

Note: Financial information is prepared under IFRS and has been verified by independent auditors.

Names and auditing opinions of CPA in recent five years

CPA Name	Year	Audit Opinion
Hung, Shu Hua, Wu, De Feng	2017	Clean opinion after amendment
Hung, Shu Hua, Wu, De Feng	2018	Clean opinion after amendment
Hung, Shu Hua, Chou, Chien-Hung	2019	Clean opinion after amendment
Wang, Yu-Chuan and Chou, Chien-Hung	2020	Clean opinion after amendment
Wu, Yu-Long & Chou, Chien-Hung	2021	Clean opinion after amendment

II. Financial Analyses over the Past 5 Years

Analyses on consolidated financial standing – International Financial Reporting Standards (IFRS)

Descriptions		Year	Financial Analyses over the Past 5 Years					Current year As of March 31, 2022 (Note)
		2017	2018	2019	2020	2021		
Financial structure (%)	Ratio of liabilities to assets	53.71	54.33	52.47	46.49	45.58	No relevant information	
	Long-term working capital to real estate, plants and equipment ratio	126.04	121.82	120.74	125.54	135.27		
Solvency %	Current ratio	158.43	141.67	135.77	153.81	169.25		
	Quick ratio	107.13	94.83	91.62	97.32	108.87		
	Interest coverage multiplicity	735	403	434	874	1,399		
Manageability	Accounts receivable turnover rate (Number of time)	9.27	8.77	8.62	7.14	7.74		
	Average cash collection days	39.36	41.62	42.34	51.12	47.16		
	Inventory turnover rate (Number of time)	5.23	4.40	4.57	3.97	4.07		
	Accounts payable turnover rate (Number of time)	9.58	8.98	9.25	8.25	9.62		
	Average days required for sales	69.74	82.95	79.87	91.94	89.68		
	Property, plant and equipment turnover rate (Number of time)	1.08	1.05	1.10	1.04	1.19		
	Total asset turnover rate (Number of time)	0.65	0.62	0.65	0.61	0.67		
Profitability	Return on Assets (%)	3.84	2.83	2.89	4.33	3.80		
	Return on Equity (%)	6.55	4.39	4.46	7.55	6.52		
	Ratio of net profit before tax to paid-in capital (%)	25.86	18.23	17.98	25.16	22.08		
	Net profit ratio (%)	4.99	3.27	3.21	6.24	5.21		
	Earnings Per Share (NT\$)	1.71	1.09	1.07	1.85	1.63		
Cash flow	Cash Flow Ratio (%)	21.14	33.39	41.23	53.50	43.85		
	Cash Flow Adequacy Ratio (%)	101.61	90.11	91.48	92.73	94.21		
	Cash Reinvestment Ratio (%)	-0.37	3.97	6.28	6.44	4.86		
Leverage	Operating Leverage	2.38	2.65	2.86	2.40	2.47		
	Financial Leverage	1.18	1.32	1.33	1.14	1.07		

Note 1. CPA reviewed financial information from Q1 2022 is not yet available at the date of publication of this Annual Report.

Analysis if ratio of the increase/decrease exceeds 20%:

- (1) Increase in interest coverage ratio (the denominator is interest expense) : mainly due to the decrease in interest expense.
- (2) Decrease in cash reinvestment ratio: mainly due to the decrease in net cash inflow from operating activities in the current period

Analyses on individual financial standing – International Financial Reporting Standards (IFRS)

Year (Note 1) Analysis Item (Note 2)		Financial Analyses over the Past 5 Years				
		2017	2018	2019	2020	2021
Financial structure (%)	Ratio of liabilities to assets	31.77	33.36	31.42	30.04	30.57
	Long-term working capital to real estate, plants and equipment ratio	702.03	635.14	593.39	612.76	637.80
Solvency %	Current ratio	249.83	152.50	128.61	92.21	104.88
	Quick ratio	200.17	124.74	104.50	74.23	85.29
	Times interest earned	2171	1466	1567	2626	2939
Manageability	Accounts receivable turnover rate (Number of time)	6.94	6.70	7.09	6.56	6.79
	Average cash collection days	52.62	54.50	51.48	55.64	53.76
	Inventory turnover rate (Number of time)	5.55	4.36	5.31	5.80	5.93
	Accounts payable turnover rate (Number of time)	12.38	11.06	12.97	10.31	10.42
	Average days required for sales	65.80	83.72	68.74	62.93	61.55
	Property, plant and equipment turnover rate (Number of time)	1.23	1.21	1.18	1.15	1.30
	Total asset turnover rate (Number of time)	0.16	0.16	0.17	0.17	0.18
Profitability	Return on Assets (%)	4.79	3.18	3.20	5.44	4.71
	Return on Equity (%)	6.53	4.36	4.43	7.59	6.53
	Ratio of net profit before tax to paid-in capital (%)	21.60	15.08	13.88	20.81	19.46
	Net profit ratio (%)	28.51	18.17	17.78	31.64	25.45
	Earnings Per Share (NT\$)	1.71	1.09	1.07	1.85	1.63
Cash flow	Cash Flow Ratio (%)	96.82	55.46	46.66	44.60	48.40
	Cash Flow Adequacy Ratio (%)	95.15	91.27	85.23	85.28	91.68
	Cash Reinvestment Ratio (%)	-1.78	1.19	1.43	2.34	2.72
Leverage	Operating Leverage	2.25	3.44	-26.65	2.91	1.73
	Financial Leverage	1.34	2.23	0.16	1.39	1.11

Note 1. Financial information is prepared under IFRS and has been verified by independent auditors.

Analysis if ratio of the increase/decrease exceeds 20%:

- (1) Ratio of paid-in capital - increase in operating profit: mainly due to the increase in operating profit in the current period
- (2) Decrease in operating leverage: mainly due to the stable change in variable costs due to the increase in operating profit in the current period
- (3) Decreased financial leverage: mainly due to the decrease in profit from borrowing in this period compared with last year

Calculation formula is listed below:

Note 2. The formulas of the above table are as follows:

1. Financial structure

- (1) Liabilities to assets ratio = Total liabilities / total of assets.

- (2) Long-term working capital to property, plants, and equipment ratio = $(\text{Total equity} + \text{Non-current liabilities}) / \text{Property, plants and equipment, net}$.
2. Solvency
- (1) Current ratio = $\text{Current assets} / \text{Current liabilities}$.
- (2) Quick ratio = $(\text{Current assets} - \text{Inventory} - \text{Expenses paid in advance}) / \text{Current liabilities}$.
- (3) Times interest earned = $\text{Net profit before income tax, interest and expenses} / \text{current interest expense}$.
3. Manageability
- (1) Accounts receivable (including notes receivables from operating activities and accounts receivable) turnover rate = $\text{Net sales} / \text{Average balance of accounts receivable (including notes receivables from operating activities and accounts receivable) in various terms}$.
- (2) Average cash collection days = $365 / \text{Accounts receivable turnover rate}$.
- (3) Inventory turnover rate = $\text{Cost of goods sold} / \text{Average amount of inventory}$.
- (4) Accounts payable (including notes payable from operating activities and accounts payable) turnover rate = $\text{Sales costs} / \text{Average balance of accounts payable (including notes payable from operating activities and accounts payable) of various terms}$.
- (5) Average days required for sales = $365 / \text{Inventory turnover rate}$.
- (6) Property, plant, and equipment turnover rate = $\text{Net sales} / \text{Average net property, plant, and equipment}$.
- (7) Total asset turnover rate = $\text{Net sales} / \text{Average total assets}$.
4. Profitability
- (1) Return on assets = $[\text{Income after tax} + \text{Interest expenses} \times (1 - \text{tax rate})] / \text{Average total assets}$.
- (2) Return on equity = $\text{Profit and/or loss after tax} / \text{Average aggregate total of equity}$.
- (3) Net profit margin = $\text{Profit and/or loss after tax} / \text{Net sales}$.
- (4) Earnings per share (EPS) = $(\text{Profit and/or loss belonging to parent company proprietor} - \text{Preferred shares dividend}) / \text{Weighted average number of outstanding shares}$.
5. Cash flow
- (1) Cash flow ratio = $\text{Cash flow in operating activities} / \text{Current liabilities}$.
- (2) Net cash flow adequacy ratio = $\text{Cash flow in operating activities over the past five years} / (\text{Capital expenditure} + \text{Amount of inventory increase} + \text{Cash dividend}) \text{ over the past five years}$.
- (3) Cash reinvestment ratio = $(\text{Cash flow in operating activities} - \text{Cash dividend}) / (\text{Gross property, plant, and equipment} + \text{Long-term investment} + \text{Other assets} + \text{operating fund})$.
6. Leverage:
- (1) Operating Leverage = $(\text{Operating revenues, net} - \text{Variable operating costs and expenses}) / \text{Operating interests}$.
- (2) Financial Leverage = $\text{Operating interests} / (\text{Operating interests} - \text{Interest expenses})$.

III. Audit Report for the Financial Statements of the most recent years by Audit Committee

Audit Committee's Report

Approved

The Board of Directors has prepared and submitted the Company's 2021 Business Report, Financial Statements (including individual and consolidated financial statements) and the proposed profit distribution, of which the Financial Statements have been audited and certified by the independent auditors, Wu, Yu-Long and Chou, Chien-Hung of PricewaterhouseCoopers Taiwan, and an audit report has been issued. The Business Report, Financial Statements and the proposed profit distribution have been reviewed by us, the Audit Committee of the Company. We have not found any inconsistencies with applicable laws in our review of the aforementioned documents. Therefore, we, the Audit Committee, hereby issue this report in compliance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely,

2022 Annual General Meeting of Cheng Shin Rubber Ind. Co., Ltd.:

Convener of the Audit Committee: Hsu, En-De

Handwritten signature in black ink, consisting of three characters: 許恩得.

March 24, 2022

IV. Consolidated Financial Statements certified by the CPAs of the Most Recent Year

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES**
**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

~1~

Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries
Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2021, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR21005261

To the Board of Directors and Shareholders of Cheng Shin Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries (the "Group") as at December 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the "other matter" section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's financial statements of the current period are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of sales revenue recognition, please refer to Note 4(31). For the detail of sales revenue, please refer to Note 6(21). For the year ended December 31, 2021, the sales revenue amounted to NT\$101,536,961 thousand.

The Group's main business is the manufacturing and sales of various tires and rubber products. The main sources of sales revenue are from the assembly plants and dealers. In accordance with the contract terms with some assembly plants, as inspections are completed in the assembly plants, the transfer of control to the merchandise is completed and sales revenue is recognized. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate. Therefore, we included the appropriateness of cut-off on sales revenue as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Group's sales revenue cycle, reviewed internal control process and contracts of assembly plant sales in order to assess the effectiveness of managements' control of revenue recognition on assembly plant sales.
2. We tested the Group's sales transactions around the year-end date to check whether assembly plant sales are recorded in the proper period. We also tested whether changes in inventory and cost of goods sold were carried over and recorded in the proper period in order to assess the appropriateness of cut-off on sales revenue.

Timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.

Description

For the accounting policy on property, plant and equipment, please refer to Note 4(15). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2021, the unfinished construction and equipment under acceptance amounted to NT\$3,649,423 thousand.

To maintain market competitiveness, the Group continuously expands plants, replaces old production lines with new ones and incurs significant amounts of capital expenditures every year. The unfinished construction and uninspected equipment are measured at cost. When the finished construction's inspection report is issued and the uninspected equipment is ready for use, they are reclassified to property, plant and equipment and starts accrual of depreciation expense. The inspection process involves management's judgement, thus, the timing of reclassification and accrual of depreciation expense could be inappropriate. Therefore, we indicated that the audit of timing of depreciation recognition after reclassification of unfinished construction and uninspected equipment to property, plant and equipment as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Group's property, plant and equipment process cycle, reviewed the internal control process and purchase contracts of property, plant and equipment in order to assess the effectiveness of managements' control of timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.
2. We tailored our audit over fixed asset classification to check whether reclassification of assets are accurate and recorded in the proper period.
3. We verified the status of unfinished construction and uninspected equipment and assessed the reasonableness of the recognition of unfinished construction and uninspected equipment.

Other matter – Scope of the audit

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$15,603,772 thousand and NT\$5,525,613 thousand, constituting 10% and 4% of the consolidated total assets as of December 31, 2021 and 2020, respectively, and the total liabilities of NT\$6,262,422 thousand and NT\$1,874,180 thousand, constituting 9% and 3% of the consolidated total liabilities as of December 31, 2021 and 2020, respectively, and total operating revenues of NT\$14,190,179 thousand and NT\$5,323,093 thousand, constituting 14% and 6% of consolidated total net operating revenue for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial statements

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of the Group as at and for the years ended December 31, 2021 and 2020.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease

to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 25,927,827	17	\$ 19,112,521	13
1110	Financial assets at fair value through profit or loss - current	6(2)	17,648	-	820	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	23,083	-	29,817	-
1150	Notes receivable, net	6(4)	2,879,178	2	4,544,057	3
1170	Accounts receivable, net	6(4)	9,098,208	6	9,472,839	6
1180	Accounts receivable - related parties	7	39,826	-	43,474	-
130X	Inventories	6(5)	20,356,688	14	18,287,216	12
1410	Prepayments		983,829	1	1,142,851	1
1470	Other current assets		489,599	-	269,297	-
11XX	Current Assets		<u>59,815,886</u>	<u>40</u>	<u>52,902,892</u>	<u>35</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	58,187	-	58,187	-
1550	Investments accounted for under equity method	6(6)	180,417	-	172,981	-
1600	Property, plant and equipment, net	6(7)	81,500,318	55	89,547,273	59
1755	Right-of-use assets	6(8)	4,968,286	3	5,278,546	4
1760	Investment property, net	6(9)	506,016	-	531,097	-
1840	Deferred income tax assets	6(27)	2,217,728	2	1,921,209	1
1900	Other non-current assets	6(10)	475,159	-	912,968	1
15XX	Non-current assets		<u>89,906,111</u>	<u>60</u>	<u>98,422,261</u>	<u>65</u>
1XXX	Total assets		<u>\$ 149,721,997</u>	<u>100</u>	<u>\$ 151,325,153</u>	<u>100</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(11)	\$ 9,365,279	6	\$ 7,222,391	5
2130	Current contract liabilities	6(21)	1,047,574	1	1,149,282	1
2150	Notes payable		320,028	-	157,811	-
2170	Accounts payable		7,536,483	5	8,442,030	5
2200	Other payables	6(12)	5,406,529	4	5,557,536	4
2230	Current income tax liabilities	6(27)	1,021,430	1	1,345,258	1
2280	Current lease liabilities	7	171,384	-	179,624	-
2320	Long-term liabilities, current portion	6(14)(15) and 7	10,113,518	7	9,765,552	7
2399	Other current liabilities, others	6(13)	359,170	-	575,525	-
21XX	Current Liabilities		<u>35,341,395</u>	<u>24</u>	<u>34,395,009</u>	<u>23</u>
Non-current liabilities						
2530	Corporate bonds payable	6(14)	10,500,000	7	8,500,000	6
2540	Long-term borrowings	6(15) and 7	18,265,160	12	22,940,974	15
2550	Provisions for liabilities - non-current		167,859	-	144,918	-
2570	Deferred income tax liabilities	6(27)	996,009	1	1,076,640	1
2580	Non-current lease liabilities	7	384,974	-	534,727	-
2600	Other non-current liabilities	6(16)	2,589,232	2	2,757,604	2
25XX	Non-current liabilities		<u>32,903,234</u>	<u>22</u>	<u>35,954,863</u>	<u>24</u>
2XXX	Total Liabilities		<u>68,244,629</u>	<u>46</u>	<u>70,349,872</u>	<u>47</u>
Equity						
Equity attributable to owners of parent						
	Share capital	6(17)				
3110	Share capital - common stock		32,414,155	22	32,414,155	21
	Capital surplus	6(18)				
3200	Capital surplus		67,770	-	53,267	-
	Retained earnings	6(19)				
3310	Legal reserve		16,132,580	11	15,533,661	10
3320	Special reserve		6,611,296	4	6,904,245	5
3350	Unappropriated retained earnings		33,280,806	22	32,143,063	21
	Other equity interest	6(20)				
3400	Other equity interest		(7,588,138)	(5)	(6,611,296)	(4)
31XX	Equity attributable to owners of the parent		<u>80,918,469</u>	<u>54</u>	<u>80,437,095</u>	<u>53</u>
36XX	Non-controlling interest		558,899	-	538,186	-
3XXX	Total equity		<u>81,477,368</u>	<u>54</u>	<u>80,975,281</u>	<u>53</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		<u>\$ 149,721,997</u>	<u>100</u>	<u>\$ 151,325,153</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(21) and 7	\$ 101,536,961	100	\$ 96,209,056	100
5000	Operating costs	6(5)	(79,149,642)	(78)	(72,220,406)	(75)
5900	Net operating margin		<u>22,387,319</u>	<u>22</u>	<u>23,988,650</u>	<u>25</u>
	Operating expenses	7				
6100	Selling expenses		(6,774,700)	(7)	(7,272,906)	(7)
6200	General and administrative expenses		(3,602,158)	(3)	(3,540,352)	(4)
6300	Research and development expenses		(4,356,650)	(4)	(4,578,667)	(5)
6000	Total operating expenses		(14,733,508)	(14)	(15,391,925)	(16)
6900	Operating profit		<u>7,653,811</u>	<u>8</u>	<u>8,596,725</u>	<u>9</u>
	Non-operating income and expenses					
7100	Interest income	6(22)	162,307	-	259,135	-
7010	Other income	6(23)	632,264	1	1,005,988	1
7020	Other gains and losses	6(24) and 10	(781,185)	(1)	(697,239)	(1)
7050	Finance costs	6(25) and 7	(530,597)	(1)	(1,026,423)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)	<u>19,401</u>	-	<u>18,520</u>	-
7000	Total non-operating income and expenses		(497,810)	(1)	(440,019)	(1)
7900	Profit before income tax		<u>7,156,001</u>	<u>7</u>	<u>8,156,706</u>	<u>8</u>
7950	Income tax expense	6(27)	(1,861,151)	(2)	(2,155,503)	(2)
8200	Profit for the year		<u>\$ 5,294,850</u>	<u>5</u>	<u>\$ 6,001,203</u>	<u>6</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(16)			
		\$	81,712	-	\$ 1,267
8316	Unrealized gain on valuation of equity instruments at fair value through profit or loss	6(3)(20)	(6,734)	-	3,882
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	(1,965)	-	(528)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(16,342)	-	(253)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		56,671	-	4,368
Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	(1,216,765)	(1)	347,703
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	242,527	-	(72,267)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(974,238)	(1)	275,436
8300	Other comprehensive (loss) income for the year		<u>(\$ 917,567)</u>	<u>(1)</u>	<u>\$ 279,804</u>
8500	Total comprehensive income for the year		<u>\$ 4,377,283</u>	<u>4</u>	<u>\$ 6,281,007</u>
Profit, attributable to:					
8610	Owners of the parent		\$ 5,270,007	5	\$ 5,988,702
8620	Non-controlling interest		24,843	-	12,501
			<u>\$ 5,294,850</u>	<u>5</u>	<u>\$ 6,001,203</u>
Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 4,356,570	4	\$ 6,282,137
8720	Non-controlling interest		20,713	-	(1,130)
			<u>\$ 4,377,283</u>	<u>4</u>	<u>\$ 6,281,007</u>
Earnings per share (in dollars)					
9750	Basic earnings per share	6(28)	\$ 1.63		\$ 1.85
9850	Diluted earnings per share	6(28)	\$ 1.62		\$ 1.85

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent											
	Capital Surplus			Retained Earnings			Other equity interest					
	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Year ended December 31, 2020												
Balance at January 1, 2020	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ -	\$15,186,978	\$5,200,298	\$ 31,445,921	(\$ 6,921,515)	\$ 17,270	\$ 77,395,683	\$ 575,004	\$ 77,970,687
Profit for the year	-	-	-	-	-	-	5,988,702	-	-	5,988,702	12,501	6,001,203
Other comprehensive income (loss) for the year	-	-	-	-	-	-	486	289,067	3,882	293,435	(13,631)	279,804
Total comprehensive income (loss)	-	-	-	-	-	-	5,989,188	289,067	3,882	6,282,137	(1,130)	6,281,007
Appropriation and distribution of 2019 earnings:												
Legal reserve	-	-	-	-	346,683	-	(346,683)	-	-	-	-	-
Special reserve	-	-	-	-	-	1,703,947	(1,703,947)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(3,241,416)	-	-	(3,241,416)	-	(3,241,416)
Cash dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(35,688)	(35,688)
Capital surplus arising from donated assets	-	-	-	691	-	-	-	-	-	691	-	691
Balance at December 31, 2020	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095	\$ 538,186	\$ 80,975,281
Year ended December 31, 2021												
Balance at January 1, 2021	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$15,533,661	\$6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095	\$ 538,186	\$ 80,975,281
Profit for the year	-	-	-	-	-	-	5,270,007	-	-	5,270,007	24,843	5,294,850
Other comprehensive income (loss) for the year	-	-	-	-	-	-	63,405	(970,108)	(6,734)	(913,437)	(4,130)	(917,567)
Total comprehensive income (loss)	-	-	-	-	-	-	5,333,412	(970,108)	(6,734)	4,356,570	20,713	4,377,283
Appropriation and distribution of 2020 earnings:												
Legal reserve	-	-	-	-	598,919	-	(598,919)	-	-	-	-	-
Special reserve	-	-	-	-	(292,949)	292,949	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)	-	(3,889,699)
Capital surplus arising from donated assets	-	-	-	14,503	-	-	-	-	-	14,503	-	14,503
Balance at December 31, 2021	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$16,132,580	\$6,611,296	\$ 33,280,806	(\$ 7,602,556)	\$ 14,418	\$ 80,918,469	\$ 558,899	\$ 81,477,368

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 7,156,001	\$ 8,156,706
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(26)	10,851,680	11,634,602
Depreciation on right-of-use assets	6(8)(26)	280,706	290,531
Depreciation on investment property	6(9)(26)	23,245	22,994
Amortization expense	6(10)(26)	86,228	98,712
Expected credit loss	12(2)	580	46,173
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(19,401)	(18,520)
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	2,687	756
Loss on disposal of property, plant and equipment	6(7)(24)	74,456	35,960
Reversal of impairment loss on non-financial assets	6(7)	-	(956)
Interest expense	6(7)(25)	530,597	1,026,423
Interest income	6(22)	(162,307)	(259,135)
Deferred government grants revenue		(161,007)	(147,309)
Unrealized foreign exchange loss on long-term foreign currency loans		384,207	2,671
Disaster loss	6(5)(7)(24) and 10	-	279
Compensation revenue from levy of right-of-use		-	(13,982)
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets at fair value through profit or loss		(19,515)	(1,576)
Notes receivable, net		1,664,879	(782,604)
Accounts receivable		374,745	(580,917)
Accounts receivable - related parties		3,648	10,579
Inventories		(2,069,472)	375,519
Prepayments		155,417	65,684
Other current assets		(115,640)	556,348
Other non-current assets		485,385	(18,601)
Changes in operating liabilities			
Contract liabilities - current		(101,708)	213,663
Notes payable		162,217	(964,465)
Accounts payable		(905,547)	648,700
Other payables		(93,892)	588,523
Other current liabilities		(216,354)	249,526
Accrued pension liabilities		(4,662)	(135,633)
Other non-current assets		(2,161)	2,114
Cash inflow generated from operations		18,365,012	21,102,765
Interest received		169,966	255,502
Dividends received		10,000	2,500
Interest paid		(543,269)	(1,117,009)
Income tax paid		(2,565,097)	(1,904,517)
Income tax refund received		58,892	60,861
Net cash flows from operating activities		15,495,504	18,400,102

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(7)(29)	(\$ 4,376,579)	(\$ 6,595,878)
Payment for capitalized interests	6(7)(25)(29)	(18,673)	(24,489)
Proceeds from disposal of property, plant and equipment		117,137	98,557
Acquisition of investment properties	6(9)	-	(82)
Acquisition of intangible assets	6(10)	(96,021)	(32,680)
Increase in refundable deposits		(6,676)	(9,225)
Proceeds from disposal of right-of-use assets		-	32,515
Increase in other non-current liabilities		101,717	159,878
Net cash flows used in investing activities		(4,279,095)	(6,371,404)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(11)(30)	10,559,153	14,371,207
Decrease in short-term borrowings	6(11)(30)	(8,053,588)	(23,540,010)
Proceeds from issuance of corporate bonds	6(14)(30)	8,000,000	-
Repayments of corporate bonds	6(14)(30)	(6,000,000)	(2,500,000)
Proceeds from long-term borrowings	6(15)(30)	4,456,021	7,927,028
Repayments of long-term borrowings	6(15)(30)	(8,554,075)	(10,896,382)
(Decrease) increase in guarantee deposits received	6(30)	(7,277)	9,392
Decrease in payables to related parties	6(15)(30) and 7	(43,413)	-
Repayments of principal portion of lease liabilities	6(8)(30)	(184,827)	(176,196)
Cash dividends paid	6(19)(30)	(3,889,699)	(3,241,416)
Cash dividends paid to non-controlling interests	6(30)	-	(35,688)
Capital surplus arising from donated assets		14,503	691
Net cash flows used in financing activities		(3,703,202)	(18,081,374)
Effect of exchange rate changes on cash and cash equivalents		(697,901)	(336,025)
Net increase (decrease) in cash and cash equivalents		6,815,306	(6,388,701)
Cash and cash equivalents at beginning of year	6(1)	19,112,521	25,501,222
Cash and cash equivalents at end of year	6(1)	\$ 25,927,827	\$ 19,112,521

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in: (a) Processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products; and (b) Manufacturing and trading of various rubber products and relevant rubber machinery. The Company has been listed on the Taiwan Stock Exchange starting December 1987.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows :

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment:proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts—cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition

and financial performance based on the Group's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2021	December 31,2020	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2021	December 31,2020	
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	Note 5
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	Note 4
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2021	December 31,2020	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	Note 6
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO.,LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31,2021	December 31,2020	
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	Note 6
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	Note 4

Note 1: Cheng Shin International (HK) Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd. collectively hold 100% equity interest in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd.

Note 2: Maxxis International (HK) Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Rubber (Zhangzhou) Ind. Co., Ltd.

Note 3: Maxxis International Co., Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Petrel Tire (Xiamen) Co., Ltd.

Note 4: In March 2019, the Company established MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V. in Mexico, and remitted out investment in the amount of MXN 2,093 thousand with the subsidiary, CHENG SHIN RUBBER USA, INC., during the second quarter and third quarter of 2020, and jointly acquired 100% equity interest of MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V. The subsidiary was included in the consolidated entity in the second quarter of 2020.

Note 5: In February 2020, the Company established MAXXIS RUBBER JAPAN CO., LTD. in Japan, and remitted out investment in the amount of JPY 50,000 thousand in April 2020, and acquired 100% equity interest. The subsidiary was included in the consolidated entity in the second quarter of 2020.

Note 6: The entity was included in the consolidated financial statements since the Group had the power to govern the financial and operating policies under the comprehensive assessment.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income

within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities presented in each balance sheet are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be deferred unconditionally for at least twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

- (a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
 - (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.
 - (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.
- (9) Accounts and notes receivable
 - A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
 - B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (10) Impairment of financial assets
For accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs at each reporting date.
- (11) Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.
- (12) Leasing arrangements (lessor) – lease receivables/ operating leases
Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.
- (13) Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.
- (14) Joint operation and investments accounted for using the equity method- joint ventures
The Group accounts for its interest in a joint venture using the equity method. When the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.
- (15) Property, plant and equipment
 - A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
 - C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
 - D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
 - (a) Buildings and structures: 5 ~ 60 years
 - (b) Machinery and equipment: 5 ~ 30 years
 - (c) Test equipment: 5 ~ 15 years
 - (d) Transportation equipment: 5 ~ 10 years
 - (e) Office equipment: 3 ~ 10 years
 - (f) Other equipment: 3 ~ 20 years
- (16) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities
- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
 - B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.
 The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
 - C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date; and
 - (c) Any initial direct costs incurred by the lessee.
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
 - D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

- (17) Investment property
An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5 ~ 40 years.
- (18) Intangible assets
Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 5 years.
- (19) Impairment of non-financial assets
The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.
- (20) Borrowings
Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- (21) Notes and accounts payable
A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (22) Financial liabilities at fair value through profit or loss
A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- (23) Bonds payable
Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.
- (24) Derecognition of financial liabilities
A financial liability is derecognised when the obligation under the liability specified group classified the contract is discharged or cancelled or expires.
- (25) Offsetting financial instruments
Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.
- (26) Non-hedging derivatives
Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss.

They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(27) Provisions

Provisions (including decommissioning) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(28) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on the defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(29) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

A. Sales of goods:

- (a) The Group manufactures and sells various tire and rubber products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Sales revenue of the Group, which mainly consists of sale of various tire and rubber products, was recognised based on the contract price net of sales discount and price break. Accumulated experience is used to estimate and provide for the sales discounts and allowances and price break, and revenue is only recognised to the extent that it is highly probable that a significant

reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances and price break payable to customers in relation to sales made until the end of the reporting period. The sales are usually made with a credit term of 30 ~90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Property development and resale

(a) The Group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

(b) The revenue is measured at an agreed upon amount under the contract. The consideration is due when legal title has been transferred.

(32) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. There is no critical accounting judgement, estimates and assumptions uncertainty for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 5,399	\$ 3,833
Checking deposit	1,027,830	1,217,460
Demand deposits	20,990,802	16,478,670
Time deposits	3,903,796	1,412,558
	<u>\$ 25,927,827</u>	<u>\$ 19,112,521</u>
Interest rate range		
Time deposits	<u>0.09%~3.55%</u>	<u>0.20%~2.90%</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through profit or loss

Items	December 31,2021	December 31,2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ 17,648	\$ 820

A. The Group recognised net loss amounting to \$2,687 thousand and \$756 thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the years ended December 31, 2021 and 2020, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

Derivative instruments	December 31,2021	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2021/09/28~
USD exchange to NTD	USD 78,000 thousand	2022/5/4
Foreign exchange swap		2021/10/20~
USD exchange to NTD	USD 45,000 thousand	2022/5/6
Derivative instruments	December 31,2020	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2020/11/09~
USD exchange to NTD	USD 40,000 thousand	2021/3/22
Foreign exchange swap		2020/10/20~
USD exchange to NTD	USD 60,000 thousand	2021/11/8

The Group entered into forward foreign exchange contracts and foreign exchange swap to hedge exchange rate risk of import (export) proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31,2021	December 31,2020
Current items:		
Equity instruments		
Listed stocks	\$ 8,665	\$ 8,665
Valuation adjustment	14,418	21,152
Total	\$ 23,083	\$ 29,817
Non-current items:		
Equity instruments		
Unlisted stocks	\$ 58,187	\$ 58,187

- A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$81,270 thousand and \$88,004 thousand as at December 31, 2021 and 2020, respectively.
- B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31,2021	Year ended December 31,2020
<u>Equity instruments at fair value</u>		
<u>through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 6,734)	\$ 3,882

- C. Information relating to credit risk of financial assets at fair value through other comprehensive loss/income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31,2021	December 31,2020
Notes receivable	\$ 2,888,455	\$ 4,553,334
Less: Loss allowance	(9,277)	(9,277)
	<u>\$ 2,879,178</u>	<u>\$ 4,544,057</u>
Accounts receivable	\$ 9,162,913	\$ 9,533,434
Less: Loss allowance	(64,705)	(60,595)
	<u>\$ 9,098,208</u>	<u>\$ 9,472,839</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31,2021		December 31,2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 7,580,524	\$ 2,888,455	\$ 8,285,062	\$ 4,553,334
Up to 30 days	1,082,707	-	880,500	-
31 to 90 days	323,352	-	212,594	-
91 to 180 days	113,396	-	67,641	-
Over 180 days	62,934	-	87,637	-
	<u>\$ 9,162,913</u>	<u>\$ 2,888,455</u>	<u>\$ 9,533,434</u>	<u>\$ 4,553,334</u>

The above ageing analysis was based on past due date.

- B. As at December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2020, the balance of receivables from contracts with customers amounted to \$12,754,433 thousand.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$2,879,178 thousand and \$9,098,208 thousand; \$4,544,057 thousand and \$9,472,839 thousand, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 7,326,921	\$ -	\$ 7,326,921
Work in progress	2,116,770	-	2,116,770
Finished goods	8,506,609	(188,147)	8,318,462
Buildings and land held for sale	2,099,624	-	2,099,624
Inventory in transit	494,911	-	494,911
	<u>\$ 20,544,835</u>	<u>(\$ 188,147)</u>	<u>\$ 20,356,688</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,069,141	\$ -	\$ 6,069,141
Work in progress	2,497,417	(1,833)	2,495,584
Finished goods	6,912,868	(98,948)	6,813,920
Buildings and land held for sale	2,249,841	-	2,249,841
Inventory in transit	658,730	-	658,730
	<u>\$ 18,387,997</u>	<u>(\$ 100,781)</u>	<u>\$ 18,287,216</u>

The cost of inventories recognized as expense for the period:

	Year ended	Year ended
	December 31, 2021	December 31, 2020
Cost of goods sold	\$ 79,190,441	\$ 72,105,934
Unallocated overheads	-	185,460
Others	(40,799)	(70,988)
	<u>\$ 79,149,642</u>	<u>\$ 72,220,406</u>

On September 26, 2020, a plant located in Xizhou owned by the Company absorbed some fire damage. The book value of the buildings and equipment which were damaged by the fire amounted to \$10,912 thousand. The Company has relevant property insurance and has filed a claim to the insurance company. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(6) Investments accounted for using the equity method

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

As at December 31, 2021 and 2020, the carrying amount of the Group's individually immaterial joint ventures amounted to \$180,417 thousand and \$172,981 thousand, respectively.

	Year ended	Year ended
	December 31, 2021	December 31, 2020
Share of profit of associates and joint ventures accounted for using the equity method	\$ 19,401	\$ 18,520
Other comprehensive loss- net of tax	(1,965)	(528)
Total comprehensive income	<u>\$ 17,436</u>	<u>\$ 17,992</u>

(7) Property, plant and equipment, net

	Year ended December 31, 2021					
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,575,780	\$ -	\$ -	\$ -	(\$ 68,112)	\$ 4,507,668
Buildings and structures	50,291,676	134,191	(52,235)	1,203,796	(769,723)	50,807,705
Machinery	105,081,676	742,858	(688,729)	1,644,484	(2,495,433)	104,284,856
Testing equipment	4,014,621	15,206	(23,478)	123,363	(82,873)	4,046,839
Transportation equipment	1,455,856	25,953	(46,987)	23,240	(14,356)	1,443,706
Office equipment	1,087,554	14,462	(8,590)	12,157	(20,462)	1,085,121
Other facilities	35,467,514	1,187,802	(171,661)	829,715	(1,131,079)	36,182,291
Unfinished construction and equipment under acceptance	5,346,734	2,232,667	(487)	(3,869,478)	(60,013)	3,649,423
	<u>\$ 207,321,411</u>	<u>\$ 4,353,139</u>	<u>(\$ 992,167)</u>	<u>(\$ 32,723)</u>	<u>(\$ 4,642,051)</u>	<u>\$ 206,007,609</u>
Accumulated depreciation						
Buildings and structures	(\$ 20,594,065)	\$ 1,975,457	\$ 29,417	(\$ 514)	\$ 307,742	(\$ 22,232,877)
Machinery	(63,353,926)	(5,437,500)	487,031	79,503	1,874,378	(66,350,514)
Testing equipment	(3,168,136)	(268,864)	22,024	-	54,686	(3,360,290)
Transportation equipment	(1,130,596)	(89,336)	36,661	-	3,612	(1,179,659)
Office equipment	(836,928)	(108,519)	7,984	-	18,380	(919,083)
Other facilities	(28,425,770)	(2,972,004)	158,902	(78,989)	1,057,234	(30,260,627)
	<u>(\$ 117,509,421)</u>	<u>(\$ 10,851,680)</u>	<u>\$ 742,019</u>	<u>\$ -</u>	<u>\$ 3,316,032</u>	<u>(\$ 124,303,050)</u>
Accumulated impairment						
Machinery	(\$ 240,391)	\$ -	\$ 57,586	\$ -	\$ 1,751	(\$ 181,054)
Testing equipment	(270)	-	-	-	2	(268)
Transportation equipment	(1,970)	-	-	-	14	(1,956)
Office equipment	(46)	-	-	-	-	(46)
Other facilities	(22,040)	-	969	-	154	(20,917)
	<u>(\$ 264,717)</u>	<u>\$ -</u>	<u>\$ 58,555</u>	<u>\$ -</u>	<u>\$ 1,921</u>	<u>(\$ 204,241)</u>
	<u>\$ 89,547,273</u>					<u>\$ 81,500,318</u>

Year ended December 31, 2020

	Exchange rate					
	Beginning of period	Additions	Disposals	Transfers	differences	End of period
Cost						
Land	\$ 4,610,898	\$ -	\$ -	\$ -	(\$ 35,118)	\$ 4,575,780
Buildings and structures	49,810,262	155,961	(28,042)	617,151	(263,656)	50,291,676
Machinery	102,641,974	852,113	(471,651)	2,347,868	(288,628)	105,081,676
Testing equipment	3,869,352	41,765	(4,378)	123,973	(16,091)	4,014,621
Transportation equipment	1,428,027	21,718	(37,577)	33,587	10,101	1,455,856
Office equipment	1,054,912	32,111	(1,710)	10,102	(7,861)	1,087,554
Other facilities	33,998,456	1,400,916	(393,213)	635,985	(174,630)	35,467,514
Unfinished construction and equipment under acceptance	5,563,842	3,595,334	(810)	(3,768,312)	(43,320)	5,346,734
	<u>\$ 202,977,723</u>	<u>\$ 6,099,918</u>	<u>(\$ 937,381)</u>	<u>\$ 354</u>	<u>(\$ 819,203)</u>	<u>\$ 207,321,411</u>
Accumulated depreciation						
Buildings and structures	(\$ 18,644,399)	(\$ 1,929,244)	\$ 10,920	\$ -	(\$ 31,342)	(\$ 20,594,065)
Machinery	(58,136,370)	(5,703,643)	327,741	(66)	158,412	(63,353,926)
Testing equipment	(2,888,108)	(280,281)	2,710	-	(2,457)	(3,168,136)
Transportation equipment	(1,061,464)	(98,753)	32,744	-	(3,123)	(1,130,596)
Office equipment	(710,600)	(130,741)	1,638	-	2,775	(836,928)
Other facilities	(25,364,441)	(3,491,940)	354,667	-	75,944	(28,425,770)
	<u>(\$ 106,805,382)</u>	<u>(\$ 11,634,602)</u>	<u>\$ 730,420</u>	<u>(\$ 66)</u>	<u>\$ 200,209</u>	<u>(\$ 117,509,421)</u>
Accumulated impairment						
Machinery	(\$ 256,534)	\$ -	\$ 19,781	\$ -	(\$ 3,638)	(\$ 240,391)
Testing equipment	(271)	(420)	425	-	(4)	(270)
Transportation equipment	(1,960)	-	22	-	(32)	(1,970)
Office equipment	(58)	-	13	-	(1)	(46)
Other facilities	(23,933)	(313)	2,525	-	(319)	(22,040)
	<u>(\$ 282,756)</u>	<u>(\$ 733)</u>	<u>\$ 22,766</u>	<u>\$ -</u>	<u>(\$ 3,994)</u>	<u>(\$ 264,717)</u>
	<u>\$ 95,889,585</u>					<u>\$ 89,547,273</u>

A. On September 26, 2020, a plant located in Xizhou owned by the parent company of the Group absorbed some fire damage. The book value of the buildings and equipment which were damaged by the fire amounted to \$51,367 thousand. The Group has relevant property insurance and has filed a claim to the insurance company. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Amount capitalized	\$ 18,673	\$ 24,489
Range of the interest rates for capitalization	3.39%~3.82%	3.83%~4.68%

(8) Leasing arrangements – lessee

A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 95 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets of land may not be used as security for borrowing purposes.

B. Short-term leases comprise of forklift trucks and stacking machines. Low-value assets comprise of computers.

C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	December 31, 2021	December 31, 2020
	Book value	Book value
Land	\$ 4,477,084	\$ 4,639,486
Buildings and structures	329,562	416,568
Machinery	12,944	17,917
Transportation equipment	118,917	172,707
Office equipment	3,837	6,645
Other equipment	25,942	25,223
	<u>\$ 4,968,286</u>	<u>\$ 5,278,546</u>

	Year ended December 31, 2021	Year ended December 31, 2020
	Depreciation expense	Depreciation expense
Land	\$ 101,787	\$ 104,850
Buildings and structures	86,556	91,907
Machinery	2,860	3,079
Transportation equipment	75,518	74,996
Office equipment	3,189	3,939
Other equipment	10,796	11,760
	<u>\$ 280,706</u>	<u>\$ 290,531</u>

D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$60,397 thousand and \$215,312 thousand, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	Year ended	Year ended
	December 31, 2021	December 31, 2020
Interest expense on lease liabilities	\$ 14,965	\$ 14,440
Expense on short-term lease contracts	15,892	17,215
Expense on leases of low-value assets	2,701	3,268
Expense on variable lease payments	175,638	237,669
	<u>\$ 209,196</u>	<u>\$ 272,592</u>

F. For the years ended December 31, 2021 and 2020, the Group's total cash outflow for leases amounted to \$394,023 thousand and \$448,788 thousand, respectively.

G. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 35.85% and 42.21% of lease payments are on the basis of variable payment terms for the years ended December 31, 2021 and 2020 and are accrued based on the stored amount of tires. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$1,756 thousand and \$2,377 thousand for the years ended December 31, 2021 and 2020, respectively.

(9) Investment property, net

	Year ended December 31, 2021				Closing net book amount as at December 31
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	462,168	-	-	(3,275)	458,893
	<u>\$ 798,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,275)</u>	<u>\$ 795,314</u>
Accumulated depreciation					
Buildings and structures	(\$ 216,454)	(\$ 23,245)	\$ -	\$ 1,439	(\$ 238,260)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 531,097</u>				<u>\$ 506,016</u>

	Year ended December 31,2020				
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost					
Land	\$ 336,339	\$ 82	\$ -	\$ -	\$ 336,421
Buildings and structures	455,023	-	-	7,145	462,168
	<u>\$ 791,362</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 7,145</u>	<u>\$ 798,589</u>
Accumulated depreciation					
Buildings and structures	(\$ 190,168)	(\$ 22,994)	\$ -	(\$ 3,292)	(\$ 216,454)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 550,156</u>				<u>\$ 531,097</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31, 2021	Year ended December 31, 2020
Rental income from investment property	<u>\$ 31,279</u>	<u>\$ 28,144</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 23,245</u>	<u>\$ 22,994</u>

B. The fair value of the investment property held by the Group as at December 31, 2021 and 2020 was \$1,087,704 thousand and \$1,093,399 thousand, respectively, which were valued by independent appraisers. Valuations were made using the comparison method which is categorized within Level 3 in the fair value hierarchy.

C. The Company acquired the land in Shangmei Section, Dacun Township, Changhua County which is farming and pasturable land. The land will be registered under the Company after the classification of the land is changed. Currently, the land is under the name of related party, Mr. /Ms. Chiu. The Company plans to use the land for operational expansion. The Company holds the original ownership certificate of such land and signed a land trust agreement, which requires the nominal holder not to transfer the ownership of the land to others.

(10) Other non-current assets

	December 31,2021	December 31,2020
Intangible assets	\$ 222,669	\$ 181,768
Others	252,490	731,200
	<u>\$ 475,159</u>	<u>\$ 912,968</u>

Movements in intangible assets:

	Year ended December 31, 2021					
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost						
Computer software	\$ 530,046	\$ 96,021	(\$ 18,373)	\$ 32,723	(\$ 9,536)	\$ 630,881
Others	7,892	-	-	-	(60)	7,832
	<u>\$ 537,938</u>	<u>\$ 96,021</u>	<u>(\$ 18,373)</u>	<u>\$ 32,723</u>	<u>(\$ 9,596)</u>	<u>\$ 638,713</u>
Accumulated amortisation						
Computer software	(\$ 353,013)	(\$ 85,445)	\$ 18,373	\$ -	\$ 7,957	(\$ 412,128)
Others	(3,157)	(783)	-	-	24	(3,916)
	<u>(\$ 356,170)</u>	<u>(\$ 86,228)</u>	<u>\$ 18,373</u>	<u>\$ -</u>	<u>\$ 7,981</u>	<u>(\$ 416,044)</u>
	<u>\$ 181,768</u>					<u>\$ 222,669</u>
	Year ended December 31, 2020					
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at December 31
Cost						
Computer software	\$ 514,464	\$ 32,680	(\$ 12,541)	(\$ 354)	(\$ 4,203)	\$ 530,046
Others	7,762	-	-	-	130	7,892
	<u>\$ 522,226</u>	<u>\$ 32,680</u>	<u>(\$ 12,541)</u>	<u>(\$ 354)</u>	<u>(\$ 4,073)</u>	<u>\$ 537,938</u>
Accumulated amortisation						
Computer software	(\$ 273,107)	(\$ 97,940)	\$ 12,541	\$ 66	\$ 5,427	(\$ 353,013)
Others	(2,329)	(772)	-	-	(56)	(3,157)
	<u>(\$ 275,436)</u>	<u>(\$ 98,712)</u>	<u>\$ 12,541</u>	<u>\$ 66</u>	<u>\$ 5,371</u>	<u>(\$ 356,170)</u>
	<u>\$ 246,790</u>					<u>\$ 181,768</u>

Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating costs	\$ 10,830	\$ 10,611
Selling expenses	10,281	6,407
Administrative expenses	47,442	67,409
Research and development expenses	17,675	14,285
	<u>\$ 86,228</u>	<u>\$ 98,712</u>

(11) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31,2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	<u>\$ 9,365,279</u>	0.38%~5.10%	None

<u>Type of borrowings</u>	<u>December 31,2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank unsecured borrowings	<u>\$ 7,222,391</u>	0.45%~5.95%	None

The abovementioned credit loan includes the guarantee of endorsement provided by the Group.

(12) Other payables

	<u>December 31,2021</u>	<u>December 31,2020</u>
Dividend payable	\$ 9	\$ 657
Wages and salaries payable	1,563,890	1,485,019
Payable on machinery and equipment	565,792	607,905
Employee compensation payable	291,891	249,834
Compensation due to directors	111,217	101,019
Other accrued expenses	2,873,730	3,113,102
	<u>\$ 5,406,529</u>	<u>\$ 5,557,536</u>

(13) Other current liabilities

	<u>December 31,2021</u>	<u>December 31,2020</u>
Advance receipts	\$ 604	\$ 804
Refund liabilities	156,599	451,827
Others	201,967	122,894
	<u>\$ 359,170</u>	<u>\$ 575,525</u>

(14) Bonds payable

	<u>December 31,2021</u>	<u>December 31,2020</u>
Bonds payable -issued in 2016	\$ -	\$ 2,500,000
Bonds payable -issued in 2017	3,500,000	7,000,000
Bonds payable -issued in 2018	5,000,000	5,000,000
Bonds payable -issued in 2021	8,000,000	-
	<u>16,500,000</u>	<u>14,500,000</u>
Less: Current portion	<u>(6,000,000)</u>	<u>(6,000,000)</u>
	<u>\$ 10,500,000</u>	<u>\$ 8,500,000</u>

A. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on July 27, 2021 and completed on August 5, 2021. The bonds were fully issued and total issuance amount was \$8 billion with a coupon rate of 0.60%. The issuance period of the bonds is 5 years, which is from August 5, 2021 to August 5, 2026. The terms are as follows:

(a) Interest accrued/paid:

The interest is accrued/ paid at a single rate annually from the issue date.

- (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.
- B. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on July 16, 2018 and completed on July 25, 2018. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.87%. The issuance period of the bonds was 5 years, which is from July 25, 2018 to July 25, 2023. The terms are as follows:
- (a) Interest accrued/paid:
The interest is accrued/ paid at a single rate annually from the issue date.
- (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.
- C. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on August 1, 2017 and completed on August 10, 2017. The bonds were fully issued and total issuance amount was \$7 billion with a coupon rate of 1.03%. The issuance period of the bonds was 5 years, which is from August 10, 2017 to August 10, 2022. The terms are as follows:
- (a) Interest accrued/paid:
The interest is accrued/ paid at a single rate annually from the issue date.
- (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.
- D. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on September 13, 2016 and completed on September 26, 2016. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.71%. The issuance period of the bonds was 5 years, which is from September 26, 2016 to September 26, 2021. The terms are as follows:
- (a) Interest accrued/paid:
The interest is accrued/ paid at a single rate annually from the issue date.
- (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31,2021</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2029.	0.70%~ 1.87%	None	\$ 22,204,918
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	<u>173,760</u>
				22,378,678
Less: Current portion				(<u>4,113,518</u>)
				<u>\$ 18,265,160</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31,2020</u>
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70%~ 4.50%	None	\$ 26,487,676
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	<u>218,850</u>
				26,706,526
Less: Current portion				(<u>3,765,552</u>)
				<u>\$ 22,940,974</u>

- A. Above mentioned borrowings are capital financings through financial institutions and other related parties.
- B. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2021 and 2020.
- C. The currencies and carrying amounts (in thousands of New Taiwan dollars) of the Group's long-term borrowings (including current portion) denominated in foreign currencies are as follows:

<u>Currency</u>	<u>December 31,2021</u>	<u>December 31,2020</u>
USD	\$ 12,507,669	\$ 13,731,157

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' including commissioned managers service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standard Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31,2021</u>	<u>December 31,2020</u>
Present value of defined benefit obligations	\$ 1,170,562	\$ 1,278,916
Fair value of plan assets	(678,036)	(695,313)
Net defined benefit liability	<u>\$ 492,526</u>	<u>\$ 583,603</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2021</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	\$ 1,278,916	(\$ 695,313)	\$ 583,603
Current service cost	13,154	-	13,154
Interest expense (income)	3,837	(2,086)	1,751
	<u>1,295,907</u>	<u>(697,399)</u>	<u>598,508</u>
Remeasurements:			
Change in demographic assumptions	979	-	979
Change in financial assumptions	(43,632)	-	(43,632)
Experience adjustments	(28,093)	-	(28,093)
Return on plan asset (excluding amounts included in interest income or expense)	-	(10,966)	(10,966)
	<u>(70,746)</u>	<u>(10,966)</u>	<u>(81,712)</u>
Pension fund contribution	-	(24,270)	(24,270)
Paid pension	(54,599)	54,599	-
Balance at December 31	<u>\$ 1,170,562</u>	<u>(\$ 678,036)</u>	<u>\$ 492,526</u>

2020

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 1,351,590	(\$ 653,508)	\$ 698,082
Current service cost	15,530	-	15,530
Interest expense (income)	9,461	(4,575)	4,886
	<u>1,376,581</u>	<u>(658,083)</u>	<u>718,498</u>
Remeasurements:			
Change in financial assumptions	47,926	-	47,926
Experience adjustments	(25,410)	-	(25,410)
Return on plan asset (excluding amounts included in interest income or expense)	-	(23,783)	(23,783)
	<u>22,516</u>	<u>(23,783)</u>	<u>(1,267)</u>
Pension fund contribution	-	(125,044)	(125,044)
Paid pension	(120,181)	111,597	(8,584)
Balance at December 31	<u>\$ 1,278,916</u>	<u>(\$ 695,313)</u>	<u>\$ 583,603</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

For the years ended December 31, 2021 and 2020, the actual return on plan assets was \$13,052 thousand and \$28,358 thousand, respectively.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	<u>0.70%</u>	<u>0.30%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality experience are set based on the 6th and 5th empirical life table estimation in Taiwan life insurance industry, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase	Decrease	Increase	Decrease
	0.25%	0.25%	0.25%	0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 25,473)	\$ 26,377	\$ 22,962	(\$ 22,331)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 30,281)	\$ 31,415	\$ 27,471	(\$ 26,674)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 amount to \$13,256 thousand.
- (g) As of December 31, 2021, the weighted average duration of the retirement plan is 9 years. The analysis of timing of the weighted average duration of the future pension payment was as follows:

Within 1 year	\$	135,273
2-5 years		289,387
Over 6 years		306,008
	\$	<u>730,668</u>

- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the years ended December 31, 2021 and 2020 were \$149,262 thousand and \$153,133 thousand, respectively.
- C. (a) The Company’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2021 and 2020 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2021 and 2020, were \$438,774 thousand and \$236,303 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2021 and 2020 were \$68,247 thousand and \$73,898 thousand, respectively.

(17) Share capital

As at December 31, 2021, the Company's authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. The Company recognized dividends distributed to shareholders amounting to \$3,889,699 thousand and \$3,241,416 thousand (\$1.2 (in dollars) and \$1.2 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 24, 2022, the Board of Directors that total dividends for the distribution of earnings for the year of 2021 was \$3,889,699 thousand at \$1.2 (in dollars) per share.

(20) Other equity items

	2021		
	Unrealized gain (loss) on valuation of equity instruments		
	Currency translation	at fair value through other comprehensive income	Total
At January 1	(\$ 6,632,448)	\$ 21,152	(\$ 6,611,296)
Valuation adjustment – Group	-	(6,734)	(6,734)
Currency translation differences:			
– Group	(1,212,635)	-	(1,212,635)
– Tax on Group	242,527	-	242,527
At December 31	<u>(\$ 7,602,556)</u>	<u>\$ 14,418</u>	<u>(\$ 7,588,138)</u>

	2020		
	Unrealized gain (loss) on valuation of equity instruments		
	Currency translation	at fair value through other comprehensive income	Total
At January 1	(\$ 6,921,515)	\$ 17,270	(\$ 6,904,245)
Valuation adjustment – Group	-	3,882	\$ 3,882
Currency translation differences:			
– Group	361,334	-	361,334
– Tax on Group	(72,267)	-	(72,267)
At December 31	<u>(\$ 6,632,448)</u>	<u>\$ 21,152</u>	<u>(\$ 6,611,296)</u>

(21) Operating revenue

	Year ended	Year ended
	December 31, 2021	December 31, 2020
Revenue from contracts with customers	<u>\$ 101,536,961</u>	<u>\$ 96,209,056</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following and geographical regions:

	Year ended December 31, 2021				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	<u>\$ 6,751,039</u>	<u>\$ 49,225,937</u>	<u>\$ 9,729,466</u>	<u>\$ 35,830,519</u>	<u>\$ 101,536,961</u>

	Year ended December 31, 2020				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	<u>\$ 6,048,080</u>	<u>\$ 50,584,199</u>	<u>\$ 8,012,544</u>	<u>\$ 31,564,233</u>	<u>\$ 96,209,056</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Contract liabilities:			
Advance sales receipts	\$ 1,024,767	\$ 1,118,360	\$ 895,825
Customer loyalty programmes	22,807	30,922	39,794
Total	<u>\$ 1,047,574</u>	<u>\$ 1,149,282</u>	<u>\$ 935,619</u>

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Advance sales receipts	\$ 837,775	\$ 658,762
Customer loyalty programmes	30,922	38,763
	<u>\$ 868,697</u>	<u>\$ 697,525</u>

(22) Interest income

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Interest income from bank deposits	\$ 137,142	\$ 259,135
Interest income from financial assets at fair value through profit or loss	25,165	-
	<u>\$ 162,307</u>	<u>\$ 259,135</u>

(23) Other income

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Grant revenue	\$ 396,470	\$ 596,256
Other income	235,794	409,732
	<u>\$ 632,264</u>	<u>\$ 1,005,988</u>

(24) Other gains and losses

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Net currency exchange loss	(\$ 585,874)	(\$ 556,186)
Disaster loss	-	(279)
Loss on disposal of property, plant and equipment	(74,456)	(35,960)
Net loss on financial assets and liabilities at fair value through profit or loss	(2,687)	(756)
Miscellaneous disbursement	(118,168)	(104,058)
	<u>(\$ 781,185)</u>	<u>(\$ 697,239)</u>

(25) Finance costs

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Interest expense:		
Bank borrowings	\$ 389,576	\$ 879,365
Corporate bonds	134,005	146,383
Provisions-discount	10,724	10,724
Lease liability-interest expense	14,965	14,440
	<u>549,270</u>	<u>1,050,912</u>
Less: Capitalisation of qualifying assets	(18,673)	(24,489)
Finance costs	<u>\$ 530,597</u>	<u>\$ 1,026,423</u>

(26) Expenses by nature

	<u>Year ended</u> <u>December 31, 2021</u>	<u>Year ended</u> <u>December 31, 2020</u>
Employee benefit expense		
Wages and salaries	\$ 12,016,054	\$ 11,815,866
Labour and health insurance fees	696,592	681,402
Pension costs	671,188	483,750
Directors' remuneration	127,130	105,099
Other personnel expenses	829,780	753,841
	<u>\$ 14,340,744</u>	<u>\$ 13,839,958</u>
Raw materials and supplies used	<u>\$ 51,076,036</u>	<u>\$ 46,278,620</u>
Depreciation expense on property, plant and equipment	<u>\$ 10,851,680</u>	<u>\$ 11,634,602</u>
Depreciation expense on right-of-use assets	<u>\$ 280,706</u>	<u>\$ 290,531</u>
Depreciation expense on investment property	<u>\$ 23,245</u>	<u>\$ 22,994</u>
Amortisation expense on intangible assets	<u>\$ 86,228</u>	<u>\$ 98,712</u>

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$130,705 thousand and \$139,544 thousand, respectively; while directors' remuneration was accrued at \$98,028 thousand and \$91,611 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.5% of distributable profit of current year for the year ended December 31, 2021.

Employees' compensation for 2020 amounting to \$139,544 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Directors' remuneration for 2020, the difference of \$13,047 thousand between the amount (resolved at 1.5%) resolved at the Board meeting and the amount of \$91,611 thousand (provided at 1.313%) recognised in the 2020 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2021.

The employees' compensation for 2020 will be distributed in the form of cash. As of March 24, 2022, the employees' compensation for 2020 has not yet been distributed.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended <u>December 31, 2021</u>	Year ended <u>December 31, 2020</u>
Current tax:		
Current tax on profits for the period	\$ 2,015,334	\$ 2,569,514
Additional 5% tax on undistributed earnings	55,011	-
Prior year income tax overestimation	(58,229)	(169,227)
Total current tax	<u>2,012,116</u>	<u>2,400,287</u>
Deferred tax:		
Origination and reversal of temporary differences	(150,965)	(244,784)
Total current tax	(150,965)	(244,784)
Income tax expense	<u>\$ 1,861,151</u>	<u>\$ 2,155,503</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended <u>December 31, 2021</u>	Year ended <u>December 31, 2020</u>
Generated during the period :		
Currency translation differences	\$ 242,527	(\$ 72,267)
Remeasurement of defined benefit obligations	(16,342)	(253)
Total generated during the period	<u>\$ 226,185</u>	<u>(\$ 72,520)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended	
	December 31, 2021	December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	\$ 2,259,981	\$ 2,964,638
Effect from items disallowed by tax regulation	88,099	83,540
Income from investing overseas subsidiaries not recognized as deferred tax liabilities	(598,266)	(820,398)
Temporary differences not recognized as deferred tax regulation	321,145	550,979
Tax exempt income by tax regulation	(205,443)	(296,807)
Effect from investment tax credits	-	(156,295)
Prior year income tax overestimation	(58,229)	(169,227)
Impact of change in the tax rate	(1,147)	(927)
Additional 5% tax on undistributed earnings	55,011	-
Income tax expense	<u>\$ 1,861,151</u>	<u>\$ 2,155,503</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter-affiliated accounts	\$ 156,234	(\$ 28,548)	\$ -	\$ 127,686
Remeasurement of defined benefit obligations	165,549	-	(16,342)	149,207
Exchange differences on translation of foreign financial statements	1,136,794	-	242,527	1,379,321
Deferred government grant revenue	273,596	(10,962)	-	262,634
Unrealised exchange loss	68,818	(42,256)	-	26,562
Others	120,218	152,100	-	272,318
Subtotal	<u>\$ 1,921,209</u>	<u>\$ 70,334</u>	<u>\$ 226,185</u>	<u>\$ 2,217,728</u>
-Deferred tax liabilities:				
Gain on foreign long-term investments	(449,284)	115,209	-	(334,075)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Others	(112,623)	(34,578)	-	(147,201)
Subtotal	<u>(1,076,640)</u>	<u>80,631</u>	<u>-</u>	<u>(996,009)</u>
Total	<u>\$ 844,569</u>	<u>\$ 150,965</u>	<u>\$ 226,185</u>	<u>\$ 1,221,719</u>

	2020			
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in other comprehensive income</u>	<u>December 31</u>
Temporary differences:				
-Deferred tax assets:				
Unrealised gain on inter				
-affiliated accounts	\$ 146,333	\$ 9,901	\$ -	\$ 156,234
Remeasurement of defined				
benefit obligations	165,802	-	(253)	165,549
Exchange differences on				
translation of foreign				
financial statements	1,209,061	-	(72,267)	1,136,794
Deferred government grant				
revenue	271,284	2,312	-	273,596
Unrealised exchange loss	64,214	4,604	-	68,818
Others	129,445	(9,227)	-	120,218
Subtotal	<u>\$ 1,986,139</u>	<u>\$ 7,590</u>	<u>(\$ 72,520)</u>	<u>\$ 1,921,209</u>
-Deferred tax liabilities:				
Gain on foreign long-term				
investments	(738,159)	288,875	-	(449,284)
Adjustment of land value				
increment tax	(514,733)	-	-	(514,733)
Others	(60,942)	(51,681)	-	(112,623)
Subtotal	<u>(1,313,834)</u>	<u>237,194</u>	<u>-</u>	<u>(1,076,640)</u>
Total	<u>\$ 672,305</u>	<u>\$ 244,784</u>	<u>(\$ 72,520)</u>	<u>\$ 844,569</u>

- D. (a) The China subsidiary that was consolidated in the financial statements was a productive foreign enterprise and established in People's Republic of China and is eligible for local tax incentives. In line with local tax law, the tax rate and applicable tax rate was 15% and 25%, respectively.
- (b) For the years ended December 31, 2021 and 2020, the Company's subsidiary, Cheng Shin (Thailand) eligible to avail of the local tax incentives.
- E. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2021 and 2020 were \$50,581,303 thousand and \$47,546,817 thousand, respectively.
- F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	2021/12/31		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 5,270,007</u>	<u>3,241,416</u>	<u>\$ 1.63</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	5,270,007	3,241,416	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	<u>-</u>	<u>4,450</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,270,007</u>	<u>3,245,866</u>	<u>\$ 1.62</u>
<u>Year ended December 31, 2020</u>			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 5,988,702</u>	<u>3,241,416</u>	<u>\$ 1.85</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	5,988,702	3,241,416	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	<u>-</u>	<u>4,035</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,988,702</u>	<u>3,245,451</u>	<u>\$ 1.85</u>

(29) Supplemental cash flow information

Investing activities with partial cash payments :

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of property, plant and equipment	\$ 4,353,139	\$ 6,099,918
Add: Opening balance of payable on equipment	607,905	1,128,354
Less: Ending balance of payable on equipment	(565,792)	(607,905)
Cash paid during the year	<u>\$ 4,395,252</u>	<u>\$ 6,620,367</u>

(30) Changes in liabilities from financing activities

	2021						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 7,222,391	\$ 26,706,526	\$ 14,500,000	\$ 657	\$ 714,351	\$ 257,773	\$ 49,401,698
Changes in cash flow from financing activities	2,505,565	(4,141,467)	2,000,000	(3,889,699)	(184,827)	(7,277)	(3,717,705)
Changes in other non-cash items	-	-	-	(647)	-	-	(647)
Interest paid	-	-	-	-	(14,965)	-	(14,965)
Additions	-	-	-	3,889,699	51,851	-	3,941,550
Amortisation of interest expense	-	-	-	-	14,965	-	14,965
Impact of changes in foreign exchange rate	(362,677)	(186,381)	-	(1)	(25,017)	-	(574,076)
At December 31	<u>\$ 9,365,279</u>	<u>\$ 22,378,678</u>	<u>\$ 16,500,000</u>	<u>\$ 9</u>	<u>\$ 556,358</u>	<u>\$ 250,496</u>	<u>\$ 49,050,820</u>
	2020						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 16,843,366	\$ 30,702,861	\$ 17,000,000	\$ 657	\$ 708,927	\$ 248,381	\$ 65,504,192
Changes in cash flow from financing activities	(9,168,803)	(2,969,354)	(2,500,000)	(3,277,104)	(176,196)	9,392	(18,082,065)
Interest paid	-	-	-	-	(14,440)	-	(14,440)
Additions	-	-	-	3,277,104	209,121	-	3,486,225
Amortisation of interest expense	-	-	-	-	14,440	-	14,440
Impact of changes in foreign exchange rate	(452,172)	(1,026,981)	-	-	(27,501)	-	(1,506,654)
At December 31	<u>\$ 7,222,391</u>	<u>\$ 26,706,526</u>	<u>\$ 14,500,000</u>	<u>\$ 657</u>	<u>\$ 714,351</u>	<u>\$ 257,773</u>	<u>\$ 49,401,698</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Toyo Tire & Rubber Co., Ltd.	Associate which invests in subsidiary by using the equity method
New Pacific IND. CD., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's vice chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's director is the company's representative
Jye Luo Memory Co Ltd.	The Company's director is the company's representative (Note)
Luo, Jye	Relative of the Company's director within first degree of relationship
Lo, Ming-Ling	Spouse of the Company's director
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's director
Luo, Yuan-Yo	Relative of the Company's director within first degree of relationship
Lo, Yuan-Long	Relative of the Company's director within first degree of relationship
Chen, Po-Chia	Relative of the Company's director within first degree of relationship
Chen, Ping-Hao	Relative of the Company's director within first degree of relationship

Note: This company was established on September 24, 2020.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Sales of goods:		
-Other related parties	\$ 247,958	\$ 243,746

Prices and collection terms of abovementioned sales are the same with third parties, and the credit terms are between 60~90 days.

B. Receivables from related parties

	December 31, 2021	December 31, 2020
Accounts receivable:		
-Other related parties	\$ 39,826	\$ 43,474

C. Loans to / from related parties: shown as long-term liabilities, current portion and long-term borrowings

	December 31, 2021	December 31, 2020
Payables due to related parties :		
-Other related parties	\$ 173,760	\$ 218,850

The Group obtained financing from other related parties and financial institutions for capital needs. Please refer to Note 6(15) for interest rates, borrowing periods and repayment methods.

D. Lease transactions - lessee

(a) The Group leases lands from Luo, Jye, Lo, Ming-Ling, Lo, Ming-I, Lo, Tsai-Jen, Luo, Yuan-Yo, Lo, Yuan-Long Chen, Po-Chia and Chen, Ping-Hao. Rental contracts are typically made

for periods of 4 to 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Key management personnel	\$ 27,829	\$ 41,546

ii. Interest expense

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Key management personnel	\$ 258	\$ 385

(31) Key management compensation

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Short-term employee benefits	\$ 267,080	\$ 239,434
Post-employment benefits	1,389	2,038
	<u>\$ 268,469</u>	<u>\$ 241,472</u>

8. PLEGGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT

COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	\$ 2,607,008	\$ 3,634,056

B. Amount of letter of credit that has been issued but not yet used:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amount of letter of credit that has been issued but not yet used	\$ 6,877	\$ 22,886

10. SIGNIFICANT DISASTER LOSS

On September 26, 2020, a fire damaged a plant located in Xizhou owned by the Company and destroyed some buildings, equipment and inventories inside the plant. The book value of the damaged properties amounted to \$62,279 thousand, including buildings and equipment as well as inventories of \$51,367 thousand and \$10,912 thousand, respectively. The Company has relevant property insurance and has filed a claim to the insurance company and the estimated insurance claims that can be obtained amounted to \$62,000 thousand. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2021, the Company's strategy was unchanged from 2020. The company maintained the gearing ratios below 200%. The gearing ratios at December 31, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 68,244,629	\$ 70,349,872
Total equity	\$ 81,477,368	\$ 80,975,281
Less : Intangible assets	(222,669)	(181,768)
Tangible equity	\$ 81,254,699	\$ 80,793,513
Debt-equity ratio	<u>84%</u>	<u>87%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss - current		
Financial assets mandatorily measured at fair value through profit or loss	\$ 17,648	\$ 820
Financial assets at fair value through other comprehensive income - current		
Designation of equity instrument	23,083	29,817
Financial assets at fair value through other comprehensive income - non-current		
Designation of equity instrument	58,187	58,187
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	25,927,827	19,112,521
Notes receivable, net	2,879,178	4,544,057
Accounts receivable (including related parties)	9,138,034	9,516,313
Guarantee deposits paid	68,967	62,291
Other financial assets	141,344	4,943
	<u>\$ 38,254,268</u>	<u>\$ 33,328,949</u>

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 9,365,279	\$ 7,222,391
Notes payable	320,028	157,811
Accounts payable	7,536,483	8,442,030
Other accounts payable	5,406,529	5,557,536
Corporate bonds payable (including current portion)	16,500,000	14,500,000
Long-term borrowings (including current portion)	22,378,678	26,706,526
Guarantee deposits received	<u>250,496</u>	<u>257,773</u>
	<u>\$ 61,757,493</u>	<u>\$ 62,844,067</u>
Lease liabilities		
(including current portion)	<u>\$ 556,358</u>	<u>\$ 714,351</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss.
- iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: RMB, THB, VND, CAD, IDR, EUR, INR, JPY, MXN and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
\$	299,575	27.680	\$ 8,292,236	1%	\$ 82,922	\$ -
	33,151	4.344	144,008	1%	1,440	-
	20,586	31.320	644,754	1%	6,448	-
	1,343,878	0.241	323,875	1%	3,239	-
	69,698	6.372	1,929,238	1%	19,292	-
	23,169	7.210	725,659	1%	7,257	-
	455,696	0.055	108,875	1%	1,089	-
	5,621	8.587	209,674	1%	2,097	-
	803,143	0.085	296,553	1%	2,966	-
	46,563	33.162	1,289,342	1%	12,893	-
	6,388	23,066.667	176,820	1%	1,768	-
	10,588	1.280	293,008	1%	2,930	-
	32,830	13,979.798	908,734	1%	9,087	-

**(Foreign currency:
functional currency)**

Financial assets

Monetary items

USD : TWD

RMB : TWD

EUR : TWD

JPY : TWD

USD : RMB

EUR : RMB

JPY : RMB

GBP : RMB

RUB : RMB

USD : THB

USD : VND

USD : CAD

USD : IDR

December 31, 2021

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
\$	18,108	27.680	\$ 501,229	1%	\$ 5,012	\$ -
	20,272	6.372	561,128	1%	5,611	-
	10,861	33.162	300,744	1%	3,007	-
	70,316	23,066.667	1,946,347	1%	19,463	-
	333,848	13,979.798	9,240,913	1%	92,409	-
	191,584	74.389	5,303,073	1%	53,031	-

**(Foreign currency:
functional currency)**

Financial liabilities

Monetary items

USD : TWD
 USD : RMB
 USD : THB
 USD : VND
 USD : IDR
 USD : INR

December 31, 2020

Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		Effect on other comprehensive income
			Degree of variation	Effect on profit or loss	
\$ 226,440	28.480	\$ 6,449,011	1%	\$ 64,490	\$ -
68,852	4.377	301,365	1%	3,014	-
17,025	35.020	596,216	1%	5,962	-
588,719	0.276	162,486	1%	1,625	-
70,406	6.507	2,005,243	1%	20,052	-
16,611	8.001	581,723	1%	5,817	-
715,658	0.088	275,654	1%	2,757	-
58,900	29.803	1,678,159	1%	16,782	-
3,301	36.647	115,649	1%	1,156	-
34,788	25,657.658	990,762	1%	9,908	-
22,301	1.274	634,996	1%	6,350	-
28,121	14,029.557	800,886	1%	8,009	-

**(Foreign currency:
functional currency)**

Financial assets

Monetary items

USD : TWD

RMB : TWD

EUR : TWD

JPY : TWD

USD : RMB

EUR : RMB

RUB : RMB

USD : THB

EUR : THB

USD : VND

USD : CAD

USD : IDR

December 31, 2020

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
\$	33,170	28.480	\$ 944,682	1%	\$ 9,447	\$ -
	30,354	6.507	864,516	1%	8,645	-
	6,212	8.001	217,547	1%	2,175	-
	20,328	29.803	579,179	1%	5,792	-
	39,847	25,657.658	1,134,843	1%	11,348	-
	7,764	1.274	221,071	1%	2,211	-
	301,861	14,029.557	8,597,001	1%	85,970	-
	192,566	73.026	5,484,307	1%	54,843	-

**(Foreign currency:
functional currency)**

Financial liabilities

Monetary items

USD : TWD

USD : RMB

EUR : RMB

USD : THB

USD : VND

USD : CAD

USD : IDR

USD : INR

- iv. The exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2021 and 2020 amounted to (\$585,874) thousand and (\$556,186) thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the years ended December 31, 2021 and 2020 would have increased/decreased by \$813 thousand and \$880 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in the TWD, USD, THB, RMB, EUR and INR.
- ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. As at December 31, 2021 and 2020, if interest rates on TWD, USD, THB, RMB, EUR and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the years ended December 31, 2021 and 2020 would have been \$31,468 thousand and \$33,964 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
- iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at December 31, 2021 and 2020, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable; accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at December 31, 2021 and 2020, the provision matrix is as follows:

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 7,580,524	\$ -
Up to 30 days	0.95%	1,082,707	10,286
31 to 90 days	1.52%	323,352	4,915
91 to 180 days	4.17%	113,396	4,729
Over 180 days	8.59%	19,865	1,706
Individual	100.00%	<u>43,069</u>	<u>43,069</u>
		<u>\$ 9,162,913</u>	<u>\$ 64,705</u>

<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 8,285,062	\$ -
Up to 30 days	0.82%	880,500	7,220
31 to 90 days	1.48%	212,594	3,146
91 to 180 days	4.55%	67,641	3,078
Over 180 days	9.72%	44,845	4,359
Individual	100.00%	<u>42,792</u>	<u>42,792</u>
		<u>\$ 9,533,434</u>	<u>\$ 60,595</u>

- viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>	<u>2020</u>
At January 1	\$ 60,595	\$ 41,615
Provision for impairment	580	46,173
Write-offs	(4,019)	(28,025)
Other	8,243	-
Effect of exchange rate changes	(694)	832
At December 31	<u>\$ 64,705</u>	<u>\$ 60,595</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group

does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 7,736,631	\$ 955,728	\$ 701,310	\$ -	\$ 9,393,669
Notes and accounts payable	7,856,511	-	-	-	7,856,511
Other payables	5,094,067	91	164,103	148,268	5,406,529
Lease liability	55,562	39,884	75,938	384,974	556,358
Guarantee deposits received	296	5	5	250,190	250,496
Long-term borrowings	977,145	121,404	3,340,797	18,412,446	22,851,792
Bonds payable	-	-	6,127,550	10,689,750	16,817,300

December 31, 2019

Non-derivative financial liabilities	Less than 90 days	Between 91 and 180 days	Between 181 and 365 days	Over 1 year	Total
Short-term borrowings	\$ 6,882,527	\$ 281,773	\$ 86,091	\$ -	\$ 7,250,391
Notes and accounts payable	8,599,841	-	-	-	8,599,841
Other payables	5,250,900	77	153,867	152,692	5,557,536
Lease liability	54,513	56,158	68,953	534,727	714,351
Guarantee deposits received	116	-	-	257,657	257,773
Long-term borrowings	1,332,650	176,655	2,530,855	23,593,722	27,633,882
Bonds payable	-	-	6,133,350	8,601,300	14,734,650

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

	December 31, 2021			
	<u>Carrying amount</u>	Fair value		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,546,968	\$ -

	December 31, 2020			
	<u>Carrying amount</u>	Fair value		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,546,679	\$ -

- (b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the interest rate of par value was equivalent to market interest rate.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

- (a) The related information of natures of assets and liabilities is as follows:

	December 31, 2021			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 17,648	\$ -	\$ 17,648
Financial assets at fair value through other comprehensive income				
- Equity securities	23,083	-	58,187	81,270
Total	<u>\$ 23,083</u>	<u>\$ 17,648</u>	<u>\$ 58,187</u>	<u>\$ 98,918</u>

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 820	\$ -	\$ 820
Financial assets at fair value through other comprehensive income				
- Equity securities	29,817	-	58,187	88,004
Total	<u>\$ 29,817</u>	<u>\$ 820</u>	<u>\$ 58,187</u>	<u>\$ 88,824</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. For Level 1, the Group used market quoted prices as their fair values according to the characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- iii. Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the years ended December 31, 2021 and 2020.

(32) Assessment of impact of the COVID-19

Due to the spread of Covid-19 pandemic globally, production of all factories of the Group's subsidiary, Maxxis Rubber India Private Limited, was suspended to allow for disinfection from May 10, 2021 to May 14, 2021. However, it did not affect the Group's internal capacity allocation and operations of the Group continued normally. As of the fourth quarter of 2021, the overall business and finance were not significantly impacted by the pandemic based on the Group's assessment. The Group will continue to monitor the development of the pandemic and coordinate with the government's pandemic prevention programs to maintain regular operations.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: please refer to table 1.
- B. Provision of endorsements and guarantees to others: please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6 (2), 6(24) and 12(2), 12(3).
- J. Significant inter-company transactions during the reporting periods: please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: please refer to table 8.
- B. Ceiling on investments in Mainland China: please refer to table 8.
- C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2021: please refer to tables 4, 5 and 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organization is divided into Cheng Shin (Taiwan), MAXXIS (Taiwan) Trading, Cheng Shin (Xiamen), Cheng Shin (China), Petrel (Xiamen), Cheng Shin (Thailand) and other segments based on the nature of each company. The Group's revenue is mainly from manufacturing and sales of bicycle tires, electrical vehicle tires, reclaimed rubber, etc.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2021

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 15,268,181	\$ 16,790,114	\$ 26,705,975	\$ 9,215,320	\$ 20,278,259	\$ 88,257,849
Revenue from inter-segment revenue	<u>9,819,232</u>	<u>1,754,262</u>	<u>526,502</u>	<u>1,349,212</u>	<u>5,733,027</u>	<u>19,182,235</u>
Total segment revenue	<u>\$ 25,087,413</u>	<u>\$ 18,544,376</u>	<u>\$ 27,232,477</u>	<u>\$ 10,564,532</u>	<u>\$ 26,011,286</u>	<u>\$ 107,440,084</u>
Geographical regions						
Taiwan	\$ 10,464,479	\$ 243,979	\$ 107,719	\$ 110,144	\$ 210,351	\$ 11,136,672
China	360,540	13,651,937	22,189,975	7,350	18,865,334	55,075,136
US	6,313,588	436,062	61	855,433	483,911	8,089,055
Others	<u>\$ 7,948,806</u>	<u>\$ 4,212,399</u>	<u>\$ 4,934,722</u>	<u>\$ 9,591,605</u>	<u>\$ 6,451,690</u>	<u>\$ 33,139,222</u>
Total	<u>\$ 25,087,413</u>	<u>\$ 18,544,377</u>	<u>\$ 27,232,477</u>	<u>\$ 10,564,532</u>	<u>\$ 26,011,286</u>	<u>\$ 107,440,085</u>
Segment income	<u>\$ 3,286,125</u>	<u>\$ 420,013</u>	<u>\$ 985,779</u>	<u>\$ 626,259</u>	<u>\$ 3,324,109</u>	<u>\$ 8,642,285</u>
Depreciation and amortisation	<u>\$ 1,622,316</u>	<u>\$ 1,819,359</u>	<u>\$ 3,177,455</u>	<u>\$ 1,188,902</u>	<u>\$ 2,471,746</u>	<u>\$ 10,279,778</u>
Interest income	<u>\$ 30,746</u>	<u>\$ 7,891</u>	<u>\$ 142,016</u>	<u>\$ 421</u>	<u>\$ 223,891</u>	<u>\$ 404,965</u>
Finance costs	<u>\$ 222,184</u>	<u>\$ 67,565</u>	<u>\$ 17,864</u>	<u>\$ 44,507</u>	<u>\$ 182,389</u>	<u>\$ 534,509</u>
Share of profit of associates and joint ventures accounted for under equity method	<u>\$ 19,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,401</u>

Year ended December 31, 2020

	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 13,777,876	\$15,176,809	\$ 28,906,764	\$ 9,181,494	\$18,754,572	\$ 85,797,515
Revenue from inter-segment revenue	<u>9,534,605</u>	<u>1,474,320</u>	<u>673,924</u>	<u>1,672,992</u>	<u>5,751,817</u>	<u>19,107,658</u>
Total segment revenue	<u>\$ 23,312,481</u>	<u>\$16,651,129</u>	<u>\$ 29,580,688</u>	<u>\$ 10,854,486</u>	<u>\$24,506,389</u>	<u>\$ 104,905,173</u>
Geographical regions						
Taiwan	\$ 10,140,608	\$ 213,261	\$ 190,676	\$ 131,379	\$ 78,169	\$ 10,754,093
China	344,530	12,491,422	26,105,724	4,583	17,765,338	56,711,597
US	5,984,587	309,302	3,709	1,233,092	276,927	7,807,617
Others	<u>6,842,756</u>	<u>3,637,144</u>	<u>3,280,579</u>	<u>9,485,432</u>	<u>6,385,955</u>	<u>29,631,866</u>
Total	<u>23,312,481</u>	<u>16,651,129</u>	<u>29,580,688</u>	<u>10,854,486</u>	<u>24,506,389</u>	<u>104,905,173</u>
Segment income	<u>\$ 2,139,330</u>	<u>\$ 682,336</u>	<u>\$ 2,559,805</u>	<u>\$ 166,446</u>	<u>\$ 4,271,916</u>	<u>\$ 9,819,833</u>
Depreciation and amortisation	<u>\$ 1,685,870</u>	<u>\$ 1,916,156</u>	<u>\$ 3,397,666</u>	<u>\$ 1,620,660</u>	<u>\$ 2,494,585</u>	<u>\$ 11,114,937</u>
Interest income	<u>\$ 82,504</u>	<u>\$ 21,965</u>	<u>\$ 204,172</u>	<u>\$ 989</u>	<u>\$ 239,745</u>	<u>\$ 549,375</u>
Finance costs	<u>\$ 267,118</u>	<u>\$ 157,700</u>	<u>\$ 95,780</u>	<u>\$ 98,303</u>	<u>\$ 296,912</u>	<u>\$ 915,813</u>
Share of profit of associates and joint ventures accounted for under equity method	<u>\$ 18,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,520</u>

(4) Reconciliation for segment income (loss)

A. A reconciliation of income after adjustment and total segment income from continuing operations is provided as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Adjusted revenue from reportable segments	\$ 107,440,084	\$ 104,905,173
Adjusted revenue from other operating segments	<u>14,617,075</u>	<u>11,221,801</u>
Total operating segments	122,057,159	116,126,974
Elimination of inter-segment revenue	<u>(20,520,198)</u>	<u>(19,917,918)</u>
Total consolidated operating revenue	<u>\$ 101,536,961</u>	<u>\$ 96,209,056</u>

	Year ended <u>December 31, 2021</u>	Year ended <u>December 31, 2020</u>
Geographical regions		
Geographical regions from reportable segments	\$ 107,440,084	\$ 104,905,173
Geographical regions from other operating segments		
Taiwan	97,865	132,746
China	2,319,018	1,204,129
US	7,815,413	6,284,625
Others	4,384,779	3,600,301
Total geographical regions	<u>122,057,129</u>	<u>116,126,974</u>
Elimination of inter-segment revenue	(<u>20,520,198</u>)	(<u>19,917,918</u>)
Total consolidated operating revenue	<u>\$ 101,536,931</u>	<u>\$ 96,209,056</u>

B. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

	Year ended <u>December 31, 2021</u>	Year ended <u>December 31, 2020</u>
Adjusted income from reportable segments before income tax	\$ 8,642,285	\$ 9,819,833
Adjusted loss from other operating segments before income tax	(<u>1,468,286</u>)	(<u>1,629,801</u>)
Total operating segments	7,173,999	8,190,032
Loss from elimination of inter-segment revenue	(<u>17,998</u>)	(<u>33,326</u>)
Income from continuing operations before income tax	<u>\$ 7,156,001</u>	<u>\$ 8,156,706</u>

(5) Information on products and services

Revenue from external customers is mainly from processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products. Details of revenue is as follows:

	Year ended <u>December 31, 2021</u>	Year ended <u>December 31, 2020</u>
Sales revenue	\$ 100,574,179	\$ 95,599,490
Others	962,782	609,566
	<u>\$ 101,536,961</u>	<u>\$ 96,209,056</u>

(6) Geographical information

Geographical information for the years ended December 31, 2021 and 2020 is as follows:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Revenue	Non-current assets	Revenue	Non-current assets
China	\$ 49,225,937	\$ 49,376,469	\$ 50,584,199	\$ 54,569,454
USA	9,729,466	630,197	8,012,544	757,744
Taiwan	6,751,039	15,970,019	6,048,080	16,680,718
Others	35,830,519	21,473,094	31,564,233	24,261,968
	<u>\$ 101,536,961</u>	<u>\$ 87,449,779</u>	<u>\$ 96,209,056</u>	<u>\$ 96,269,884</u>

The Company's geographical revenue is calculated based on the countries where sales occur. Non-current assets refer to property, plant and equipment, right-of-use assets, investment property, intangible assets (shown as other non-current assets) and guarantee deposits paid (shown as other non-current assets), but exclude financial instruments and deferred income tax assets.

(7) Major customer information

None of the revenue from any single customer has exceeded 10% of the revenue in the consolidated statement of comprehensive income for the years ended December 31, 2021 and 2020.

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 31, 2021

Expressed in thousands of NT\$
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Collateral Item	Value	Limit on loans granted to a single party (Note 2, 3, 4)	Ceiling on total loans granted (Note 3)	Footnote
												\$	-					
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,288,000	\$ 3,258,000	\$ 2,641,152	3.85%	Note 7	\$ -	Operating capital	\$ -	-	None	\$ -	5,133,202	\$ 8,555,336	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	3,270,000	3,258,000	1,346,640	3.85%	Note 7	-	Operating capital	-	-	None	-	5,133,202	8,555,336	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	569,920	564,720	412,680	4.85%	Note 7	-	Operating capital	-	-	None	-	5,133,202	8,555,336	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	13,080	13,032	8,688	3.85%	Note 7	-	Operating capital	-	-	None	-	5,133,202	8,555,336	Note 9
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	876,800	434,400	434,400	3.25%	Note 7	-	Operating capital	-	-	None	-	5,100,663	10,201,326	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,192,000	1,086,000	521,280	3.85%	Note 7	-	Operating capital	-	-	None	-	7,192,694	11,987,823	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	654,000	651,600	69,504	3.85%	Note 7	-	Operating capital	-	-	None	-	7,192,694	11,987,823	Note 9
4	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	8,768	-	-	-	Note 7	-	Operating capital	-	-	None	-	29,330	117,322	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 60% of above Companies' net assets.

Note 3: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. to a single party is 20% of above Companies' net assets.

Note 4: Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD. to a single party is 10% of above Companies' net assets.

Note 5: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 100% of above Companies' net assets.

Note 6: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHEN SHIN LOGISTIC (XIAMEN) CO., LTD. to others is 40% of above Companies' net assets.

Note 7: Fill in purpose of loan when nature of loan is for short-term financing. The transaction was completed through the trust loans signed with financial institutions in Mainland China.

Note 8: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 9: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Relationship with the endorser/ guarantor	Company name											
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub- subsidiary	\$ 40,459,235	\$ 1,903,600	\$ 834,700	\$ 71,717	\$ -	1.03	\$ 56,642,928	Y	N	N	Note 2, Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	40,459,235	7,623,093	7,551,584	6,119,211	-	9.33	56,642,928	Y	N	N	Note 2, Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	40,459,235	12,574,275	12,461,536	9,050,437	-	15.40	56,642,928	Y	N	N	Note 2, Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Ceiling on the Company's total endorsements/guarantees to others is 70% of the Company's current net assets.

Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets.

Limit on the Company's endorsements/guarantees to a foreign single affiliate company is 50% of the Company's net assets.

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at December 31, 2021.

\$ 56,642,928
\$ 16,183,694
\$ 40,459,235

CHENG SHIN RUBBER IND. CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	As of December 31, 2021			Footnote
			Number of shares/ units	Book value	Ownership (%)	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	\$ 23,083	-	23,083	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	- Current financial assets at fair value through other comprehensive income - Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187 Note 2

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.

Note 2: Other marketable securities do not exceed 5% of the account.

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 4

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		Footnote (Note 2)		
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable) (%)	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	\$ 5,205,976	(25.14)	Collect within 120 days after shipment of goods	Same	Same	Same	\$ 1,328,328	45.58	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(552,846)	(2.67)	Collect within 90 days after shipment of goods	Same	Same	Same	56,081	1.92	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(3,688,796)	(17.81)	Collect within 30 days shipment of goods	Same	Same	Same	410,080	14.07	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	(sales)	(109,963)	(0.53)	Collect within 60-90 days after shipment of goods	Same	Same	Same	5,640	0.19	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Cheng Shin Rubber Ind. Co., Ltd.	Same ultimate parent	(sales)	(144,514)	(0.78)	Collect within 60 days after shipment of goods	Same	Same	Same	24,580	0.98	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	TIANJIN TAFENG RUBBER IND CO., LTD.	Same ultimate parent	(sales)	(116,381)	(0.63)	Collect within 60-90 days after shipment of goods	Same	Same	Same	-	-	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(1,142,319)	(6.16)	Collect within 60-90 days after shipment of goods	Same	Same	Same	348,011	13.93	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(169,037)	(0.91)	Collect within 60-90 days after shipment of goods	Same	Same	Same	32,280	1.29	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,510,223)	(33.73)	Collect within 60-90 days after shipment of goods	Same	Same	Same	349,365	35.12	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(373,909)	(8.35)	Collect within 60-90 days after shipment of goods	Same	Same	Same	49,639	4.99	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(217,085)	(4.85)	Collect within 60-90 days after shipment of goods	Same	Same	Same	36,325	3.65	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,747,540)	(16.06)	Collect within 60-90 days after shipment of goods	Same	Same	Same	760,580	88.71	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(382,881)	(26.42)	Collect within 60-90 days after shipment of goods	Same	Same	Same	50,563	23.49	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(246,238)	(16.99)	Collect within 60-90 days after shipment of goods	Same	Same	Same	25,619	11.90	Note 3
CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(189,229)	(13.06)	Collect within 60-90 days after shipment of goods	Same	Same	Same	13,501	6.27	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	(sales)	(179,622)	(0.97)	Collect within 60-90 days after shipment of goods	Same	Same	Same	19,257	0.61	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Same ultimate parent	(sales)	(114,536)	(0.62)	Collect within 60-90 days after shipment of goods	Same	Same	Same	20,816	0.66	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(1,172,316)	(22.42)	Collect within 60-90 days after shipment of goods	Same	Same	Same	279,542	31.50	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Same ultimate parent	(sales)	(236,376)	(4.52)	Collect within 60-90 days after shipment of goods	Same	Same	Same	28,987	3.27	Note 3
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Toyo Tire & Rubber Co., Ltd.	Associates	(sales)	(107,225)	(58.64)	Collect within 60-90 days after shipment of goods	Same	Same	Same	5,885	27.99	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Same ultimate parent	(sales)	(103,225)	(1.98)	Collect within 60-90 days after shipment of goods	Same	Same	Same	8,712	2.06	Note 3

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)			
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)	
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	\$ 334,931	(3.17)	Collect within 30-60 days after shipment of goods	Same	Same	\$ 2,726	0.19	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(855,433)	(8.10)	Collect within 120 days after shipment of goods	Same	Same	154,467	10.83	Note 3
PT MAXXIS International Indonesia	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Same ultimate parent	(sales)	(117,478)	(6.88)	Collect within 60-90 days after shipment of goods	Same	Same	37,465	11.42	Note 3

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2021

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Expressed in thousands of NTD (Except as otherwise indicated)
					Amount	Action taken	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary (Note 4)	\$ 1,328,341	Note 3	\$ -	\$ 758,237	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	414,226	Note 3	-	410,080	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	348,525	Note 3	-	158,911	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	114,530	Note 3	-	25,615	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	350,724	Note 3	-	167,271	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	763,682	Note 3	-	427,237	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	279,542	4.26	-	159,767	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	154,467	4.86	-	38,643	-

Note 1: Subsequent collection is the amount collected as of March 9, 2022.

Note 2: The amount comprises accounts receivable, commission receivable, endorsements/guarantees receivable, patent royalties receivable, royalties receivable for trademark and other receivables and thus, the turnover rate is not calculated.

Note 3: The amount comprises accounts receivable and other receivables and thus, the turnover rate is not calculated.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 5,205,976	Collect within 120 days after shipment of goods	5.13%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,328,328	Collect within 120 days after shipment of goods	0.89%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	552,846	Collect within 90 days after shipment of goods	0.54%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	3,688,796	The term is 30 days after monthly billing	3.63%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	410,080	The term is 30 days after monthly billing	0.27%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	1,142,319	Collect within 60-90 days after shipment of goods	1.13%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	348,011	Collect within 60-90 days after shipment of goods	0.23%
2	k	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,510,223	Collect within 60-90 days after shipment of goods	1.49%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	373,909	Collect within 60-90 days after shipment of goods	0.37%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	217,085	Collect within 60-90 days after shipment of goods	0.21%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	2,641,152	Pay interest quarterly	1.76%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,346,640	Pay interest quarterly	0.90%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	412,680	Pay interest quarterly	0.28%
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	521,280	Pay interest quarterly	0.35%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,747,540	Collect within 60-90 days after shipment of goods	1.72%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	337,040	Collect within 60-90 days after shipment of goods	0.23%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	423,541	Payment at sight after due date	0.28%
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	382,881	Collect within 60-90 days after shipment of goods	0.38%
5	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	246,238	Collect within 60-90 days after shipment of goods	0.24%

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)	
				General ledger account	Amount (Note 4)		Transaction terms
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivable	\$ 434,400	Pay interest quarterly	0.29%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	3	Sales	236,376	Collect within 60-90 days after shipment of goods	0.23%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	1,172,316	Collect within 60-90 days after shipment of goods	1.15%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	279,542	Collect within 60-90 days after shipment of goods	0.19%
8	MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	334,931	Collect within 30-60 days after shipment of goods	0.33%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	855,433	Collect within 120 days after shipment of goods	0.84%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts account for at least NT\$200 million.

CHENG SHIN RUBBER IND. CO., LTD.
Information on investees
Year ended December 31, 2021

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2021	Investment income/(loss) recognised by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 42,473,721	\$ 1,365,320	\$ 1,369,788	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	100.00	27,697,590	1,874,660	1,868,286	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	9,287,333	1,443,654	1,416,491	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	100.00	2,321,753	(92,588)	(92,558)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Canada	Import and export of tires	32,950	32,950	1,000,000	100.00	647,155	(28,268)	(28,268)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	50.00	180,417	38,801	19,401	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Tech Center Europe B.V.	Netherlands	Technical centre	41,260	41,260	1,000,000	100.00	76,451	6,500	6,500	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	4,233,389	4,233,389	139,994,750	100.00	135,796	(534,571)	(535,236)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,027,544	4,027,544	874,992,906	100.00	-	(911,536)	(911,536)	Subsidiary Note 3 · Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	543,185	335,772	335,772	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS TRADING INDONESIA	Indonesia	Large-amount trading of vehicles parts and accessories	30,235	30,235	9,990	100.00	42,593	11,824	11,824	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	17,700	17,700	500,000	100.00	2,606	(3,645)	(3,645)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	11,302	299	299	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	593	593	-	20.00	689	1,551	310	Note 3 · Note 4

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Year ended December 31, 2021

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income (loss) recognised by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)					
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	226,801,983	100.00	\$ 34,619,064	\$ 1,763,450	\$ 1,763,430	Sub-subsiary Note 3	
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	27,525,203	1,878,903	1,878,903	Sub-subsiary Note 3	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	9,596,955	1,443,846	1,443,846	Sub-subsiary Note 3	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	7,017,499	626,259	608,729	Sub-subsiary Note 3	
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	100.00	2,576,774	817,745	808,113	Sub-subsiary Note 3	
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	2,214	2,278	-	80.00	2,756	1,551	1,241	Note 3 - Note 4	

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 2: Joint ventures are accounted for under the equity method.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

Note 4: The Company comprehensive holds 100% of share ownership in the investee, of which 20% is directly held and 80% is indirectly held through CHENG SHIN RUBBER USA, INC.

Note 5: The Company continuously provides financial support the investee accounted for using the equity method, and transferred the credit balance to 'other non-current liabilities'.

The transaction was eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021, (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 4,844,000	2	\$ 910,834	\$ -	\$ 910,834	\$ 987,372	100.00	\$ 991,973	\$ 24,258,973	\$ 19,447,406	(Note 3、5、 7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	6,228,000	2	2,385,506	-	2,385,506	1,731,427	100.00	1,742,185	25,503,316	23,027,258	(Note 4、7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	235,280	2	68,602	-	68,602	12,943	50.00	6,471	302,086	478,714	(Note 7)
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	2,768,000	2	-	-	-	432,944	100.00	427,518	5,783,064	1,480,799	(Note 4、7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,720	2	-	-	-	5,253	100.00	5,253	47,772	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	498,240	2	-	-	-	(50,206)	100.00	(50,206)	660,687	757,407	(Note 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,598,400	2	-	-	-	(574,897)	100.00	(574,897)	11,999,418	4,245,663	(Note 3、7)

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 8

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021, (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	\$ 1,245,600	2	\$ -	\$ -	\$ -	\$ 631,295	100.00	\$ 631,150	\$ 8,555,336	\$ 5,886,139	(Note 7)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	553,600	2	-	-	(96,856)	(96,856)	100.00	(96,856)	-	-	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	152,040	2	-	-	(1,019)	(968)	95.00	(968)	97,887	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	62,605	2	-	-	36,123	17,700	49.00	17,700	143,719	-	(Note 7)
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	A. Tires and tubes B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	4,126,800	2	-	-	966,902	966,913	100.00	966,913	7,365,297	790,653	(Note 5, 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,650,720	2	-	-	75,791	75,791	100.00	75,791	2,074,961	-	(Note 7)

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 3: The Company and Cheng Shin Rubber (Xiamen) Ind., Ltd. directly and indirectly holds 60% and 40% of the share ownership in Cheng Shin Petrol Tire (Xiamen) Co., Ltd., respectively.

Note 4: The Company and Cheng Shin Tire & Rubber (China) Co., Ltd. directly and indirectly holds 30% and 70% of share ownership in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., respectively.

Note 5: Cheng Shin Rubber (Xiamen) Ind., Ltd. and MAXXIS International (HK) Ltd. directly and indirectly holds 75% and 25% of share ownership in Cheng Shin Rubber (Zhangzhou) Ind Co., Ltd, respectively.

Note 6: Paid-in capital was converted at the exchange rate of NTD 27.68: USD 1 and NTD 4.344: RMB 1 prevailing on December 31, 2021.

Note 7: Investment income (loss) was recognised based on the financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

CHENG SHIN RUBBER IND. CO., LTD.
 Ceiling on investments in Mainland China
 Year ended December 31, 2021

Table 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 1)		Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)		Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)		
	\$						
Cheng Shin Rubber Ind. Co., Ltd.		\$	3,401,872	\$	18,625,872	\$	-

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.

Note 2: According to 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area', the Company acquired the operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C. and thus, the investments amount in Mainland China is unlimited.

Expressed in thousands of NTD
 (Except as otherwise indicated)

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

December 31, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Luo Jye Memory Co Ltd.	324,430,630	10.00

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were held by registered and the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.

V. Parent Company Only Financial Statements certified by the CPAs of the Most Recent Year

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2021 AND 2020

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 21004219

To the Board of Directors and Shareholders of Cheng Shin Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying balance sheets of Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) as at December 31, 2021 and 2020, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the “other matter” section of our report), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the report of other auditors are sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's financial statements of the current period are stated as follows:

Appropriateness of cut-off on sales revenue

Description

For the accounting policy of revenue recognition, please refer to Note 4(31). For the detail of sales revenue, please refer to Note 6(21). For the year ended December 31, 2021, the sales revenue amounted to NT\$20,707,983 thousand.

The Company's main business is the manufacturing and sales of various tires and rubber products. The main sources of sales revenue are from the assembly plants and dealers. In accordance with the contract terms with some assembly plants, as inspections are completed in the assembly plants, the transfer of control to the merchandise is completed and sales revenue is recognized. The sales revenue recognition process involves many manual controls and adjustments are likely to occur. As a result, the timing of sales revenue recognition could be inappropriate. The aforementioned issue arises from the Company's subsidiaries, recognized under investments accounted for using equity method. Therefore, we included the appropriateness of cut-off on sales revenue as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Company's sales revenue cycle, reviewed internal control process and contracts of assembly plant sales in order to assess the effectiveness of managements' control of revenue recognition on assembly plant sales.
2. We tested the Company's sales transactions around the year-end date to check whether assembly plant sales are recorded in the proper period. We also tested whether changes in inventory and cost of goods sold were carried over and recorded in the proper period in order to assess the appropriateness of cut-off on sales revenue.

Timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.

Description

For the accounting policy of property, plant and equipment, please refer to Note 4(15). For the details of property, plant and equipment, please refer to Note 6(7). As at December 31, 2021, the unfinished construction and equipment under acceptance amounted to NT\$770,410 thousand.

To maintain market competitiveness, the Company continuously expands plants, replaces old production lines with new ones and incurs significant amounts of capital expenditures every year. The unfinished construction and uninspected equipment are measured at cost. When the finished construction's inspection report is issued and the uninspected equipment is ready for use, they are reclassified to property, plant and equipment and starts accrual of depreciation expense. The inspection process involves human judgement, thus, the timing of reclassification and accrual of depreciation expense could be inappropriate. Therefore, we indicated that the audit of timing of depreciation recognition after reclassification of unfinished construction and uninspected equipment to property, plant and equipment as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

1. We obtained an understanding of the Company's property, plant and equipment process cycle, reviewed internal control process and purchase contracts of property, plant and equipment in order to assess the effectiveness of managements' control of timing of reclassification of unfinished construction and uninspected equipment to property, plant and equipment.
2. We tailored our audit over fixed asset classification to check whether reclassification of assets are correct and recorded in the proper period.
3. We verified the status of unfinished construction and uninspected equipment and assessed the reasonableness of the recognition of unfinished construction and uninspected equipment.

Other matter – Scope of the audit

We did not audit the financial statements of certain investments recognised under the equity method that are included in the financial statements. The balances of investments accounted for under equity method were NT\$9,594,273 thousand and NT\$3,651,433 thousand, representing 8% and 3% of total assets as at December 31, 2021 and 2020, respectively; and the share of profit of subsidiaries, associates and joint ventures accounted for using equity method were NT\$1,416,841 thousand and NT\$881,676 thousand, representing 33% and 14% of the total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose report thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 24, 2022

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2021		December 31, 2020		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 9,222,074	8	\$ 6,119,194	5
1110	Financial assets at fair value through profit or loss - current	6(2)	17,648	-	820	-
1120	Financial assets at fair value through other comprehensive income - current	6(3)	23,083	-	29,817	-
1150	Notes receivable, net	6(4)	55,293	-	33,790	-
1170	Accounts receivable, net	6(4)	955,676	1	1,307,148	1
1180	Accounts receivable - related parties	7	1,882,288	2	1,825,562	2
130X	Inventories	6(5)	2,783,085	2	2,314,673	2
1410	Prepayments		91,981	-	92,383	-
1470	Other current assets	7	359,956	-	619,867	1
11XX	Current Assets		<u>15,391,084</u>	<u>13</u>	<u>12,343,254</u>	<u>11</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)	58,187	-	58,187	-
1550	Investments accounted for using the equity method	6(6)	83,420,591	72	84,402,691	74
1600	Property, plant and equipment, net	6(7)(29)	15,540,737	13	16,234,596	14
1755	Right-of-use assets	6(8)	73,639	-	102,073	-
1760	Investment property, net	6(9)	288,881	-	289,427	-
1780	Intangible assets	6(10)	23,483	-	8,740	-
1840	Deferred income tax assets	6(27)	1,744,851	2	1,543,156	1
1900	Other non-current assets		1,934	-	1,726	-
15XX	Non-current assets		<u>101,152,303</u>	<u>87</u>	<u>102,640,596</u>	<u>89</u>
1XXX	Total assets		<u>\$ 116,543,387</u>	<u>100</u>	<u>\$ 114,983,850</u>	<u>100</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2021		December 31, 2020	
			AMOUNT	%	AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(11)(30)	\$ 2,800,000	2	\$ 1,400,000	1
2130	Current contract liabilities	6(21)	257,430	-	116,293	-
2170	Accounts payable		1,204,144	1	1,286,500	1
2180	Accounts payable - related parties	7	44,103	-	380,533	-
2200	Other payables	6(12) and 7	1,714,016	2	1,629,607	2
2230	Current income tax liabilities	6(27)	828,168	1	800,063	1
2280	Current lease liabilities	7	40,111	-	41,976	-
2320	Long-term liabilities, current portion	6(14)(15)(30)	7,700,000	7	7,658,333	7
2399	Other current liabilities, others	6(13)	86,970	-	72,639	-
21XX	Current Liabilities		<u>14,674,942</u>	<u>13</u>	<u>13,385,944</u>	<u>12</u>
	Non-current liabilities					
2530	Corporate bonds payable	6(14)(30)	10,500,000	9	8,500,000	7
2540	Long-term borrowings	6(15)(30)	7,700,000	7	10,541,667	9
2570	Deferred income tax liabilities	6(27)	855,071	1	982,529	1
2580	Non-current lease liabilities	7	34,178	-	60,213	-
2600	Other non-current liabilities	6(6)(16)	<u>1,860,727</u>	<u>1</u>	<u>1,076,402</u>	<u>1</u>
25XX	Non-current liabilities		<u>20,949,976</u>	<u>18</u>	<u>21,160,811</u>	<u>18</u>
2XXX	Total liabilities		<u>35,624,918</u>	<u>31</u>	<u>34,546,755</u>	<u>30</u>
	Equity					
	Share capital					
3110	Shares capital - common stock	6(17)	32,414,155	28	32,414,155	28
	Capital surplus					
3200	Capital surplus	6(18)	67,770	-	53,267	-
	Retained earnings	6(19)				
3310	Legal reserve		16,132,580	14	15,533,661	14
3320	Special reserve		6,611,296	6	6,904,245	6
3350	Unappropriated retained earnings		33,280,806	28	32,143,063	28
	Other equity interest	6(20)				
3400	Other equity interest		(7,588,138)	(7)	(6,611,296)	(6)
3XXX	Total equity		<u>80,918,469</u>	<u>69</u>	<u>80,437,095</u>	<u>70</u>
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date					
3X2X	Total liabilities and equity		<u>\$ 116,543,387</u>	<u>100</u>	<u>\$ 114,983,850</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				
		2021		2020		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(21) and 7	\$ 20,707,983	100	\$ 18,926,294	100
5000	Operating costs	6(5)	(15,190,338)	(73)	(14,228,603)	(75)
5900	Net operating margin		5,517,645	27	4,697,691	25
5910	Unrealized loss (profit) from sales		32,649	-	(138,985)	(1)
5950	Gross profit from operation		5,550,294	27	4,558,706	24
	Operating expenses					
6100	Selling expenses		(1,527,034)	(8)	(1,689,243)	(9)
6200	General and administrative expenses		(1,056,241)	(5)	(812,274)	(4)
6300	Research and development expenses		(795,155)	(4)	(1,103,893)	(6)
6000	Total operating expenses		(3,378,430)	(17)	(3,605,410)	(19)
6900	Operating profit		2,171,864	10	953,296	5
	Non-operating income and losses					
7100	Interest income	6(22) and 7	30,382	-	82,028	-
7010	Other income	6(23) and 7	1,084,370	5	1,231,200	7
7020	Other gains and losses	6(24)	(215,385)	(1)	(176,563)	(1)
7050	Finance costs	6(25)	(222,166)	(1)	(267,079)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method		3,457,430	17	4,923,152	26
7000	Total non-operating income and losses		4,134,631	20	5,792,738	31
7900	Profit before income tax		6,306,495	30	6,746,034	36
7950	Income tax expense	6(27)	(1,036,488)	(5)	(757,332)	(4)
8200	Profit for the year		\$ 5,270,007	25	\$ 5,988,702	32
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains on defined benefit plans	6(16)	\$ 81,712	-	\$ 1,267	-
8316	Unrealized gain on valuation of equity instruments at fair value through profit or loss	6(3)	(6,734)	-	3,882	-
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(6)	(1,965)	-	(528)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(16,342)	-	(253)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		56,671	-	4,368	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(20)	(1,212,635)	(6)	361,334	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	242,527	2	(72,267)	(1)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(970,108)	(4)	289,067	1
8300	Other comprehensive (loss) income for the year		(\$ 913,437)	(4)	\$ 293,435	1
8500	Total comprehensive income for the year		\$ 4,356,570	21	\$ 6,282,137	33
9750	Basic earnings per share	6(28)	\$ 1.63		\$ 1.85	
9850	Diluted earnings per share	6(28)	\$ 1.62		\$ 1.85	

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Capital Surplus			Retained Earnings			Other equity interest			Total equity
		Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
Year ended December 31, 2020											
Balance at January 1, 2020		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ -	\$ 15,186,978	\$ 5,200,298	\$ 31,445,921	\$ (6,921,515)	\$ 17,270	\$ 77,395,683
Profit for the year		-	-	-	-	-	-	5,988,702	-	-	5,988,702
Other comprehensive income for the year	6(20)	-	-	-	-	-	-	486	289,067	3,882	293,435
Total comprehensive income		-	-	-	-	-	-	5,989,188	289,067	3,882	6,282,137
Appropriation and distribution of 2019 earnings:											
Legal reserve		-	-	-	-	346,683	-	(346,683)	-	-	-
Special reserve		-	-	-	-	-	1,703,947	(1,703,947)	-	-	-
Cash dividends	6(19)	-	-	-	-	-	-	(3,241,416)	-	-	(3,241,416)
Capital surplus arising from donated assets		-	-	-	691	-	-	-	-	-	691
Balance at December 31, 2020		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$ 6,904,245	\$ 32,143,063	\$ (6,632,448)	\$ 21,152	\$ 80,437,095
Year ended December 31, 2021											
Balance at January 1, 2021		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$ 6,904,245	\$ 32,143,063	\$ (6,632,448)	\$ 21,152	\$ 80,437,095
Profit for the year		-	-	-	-	-	-	5,270,007	-	-	5,270,007
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	-	-	63,405	(970,108)	(6,734)	(913,437)
Total comprehensive income (loss)		-	-	-	-	-	-	5,333,412	(970,108)	(6,734)	4,356,570
Appropriation and distribution of 2020 earnings:											
Legal reserve		-	-	-	-	598,919	-	(598,919)	-	-	-
Special reserve		-	-	-	-	-	(292,949)	292,949	-	-	-
Cash dividends	6(19)	-	-	-	-	-	-	(3,889,699)	-	-	(3,889,699)
Capital surplus arising from donated assets		-	-	-	14,503	-	-	-	-	-	14,503
Balance at December 31, 2021		\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 15,194	\$ 16,132,580	\$ 6,611,296	\$ 33,280,806	\$ (7,602,556)	\$ 14,418	\$ 80,918,460

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 6,306,495	\$ 6,746,034
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealised gain (loss) on inter-company transaction		(43,800)	133,967
Depreciation	6(7)(26)	1,547,795	1,586,627
Depreciation expense on right-of-use assets	6(8)(26)	45,408	49,640
Depreciation on investment property	6(9)(26)	546	606
Amortisation expense	6(10)(26)	24,450	42,088
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	2,687	755
Gain on disposal of property, plant and equipment	6(7)(24)	(100,957)	(139,775)
Share of profit of associates and joint ventures accounted for using equity method		(3,457,430)	(4,923,152)
Interest income	6(22)	(30,382)	(82,028)
Dividends received		(7,265)	-
Interest expense	6(25)	222,166	267,079
Disaster loss	6(5)(7)(24) and 10	-	279
Effect of exchange rate changes on cash and cash equivalents		(216,162)	(188,697)
Changes in operating assets and liabilities			
Changes in operating assets			
Net changes in financial assets at fair value through profit or loss		(19,515)	(1,575)
Notes receivable, net		(21,503)	(10,871)
Accounts receivable		351,471	(145,760)
Accounts receivable - related parties		(56,725)	(446,354)
Inventories		(466,259)	215,410
Other current assets		240,063	57,137
Changes in operating liabilities			
Contract liabilities - current		141,137	16,415
Accounts payable		(82,356)	238,639
Accounts payable - related parties		(336,430)	335,368
Other payables		86,808	85,602
Accrued pension liabilities		(10,469)	(156,356)
Other current liabilities		14,331	6,776
Cash inflow generated from operations		4,134,104	3,687,854
Interest received		53,837	83,030
Dividends received		4,249,370	3,141,139
Interest paid		(223,110)	(272,345)
Income tax paid		(1,111,352)	(670,034)
Net cash flows from operating activities		<u>7,102,849</u>	<u>5,969,644</u>

(Continued)

CHENG SHIN RUBBER IND. CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for using equity method		\$ -	(\$ 2,689,340)
Acquisition of property, plant and equipment	6(7)(29)	(861,701)	(1,392,925)
Proceeds from disposal of property, plant and equipment		4,769	61,719
Acquisition of investment properties	6(9)	-	(82)
Acquisition of intangible assets	6(10)	(39,193)	(10,195)
Increase in refundable deposits		(210)	(391)
Net cash flows used in investing activities		(896,335)	(4,031,214)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(11)(30)	4,800,000	2,800,000
Decrease in short-term borrowings	6(11)(30)	(3,400,000)	(3,850,000)
Proceeds from issuance of corporate bonds	6(14)(30)	8,000,000	-
Repayments of corporate bonds	6(14)(30)	(6,000,000)	(2,500,000)
Proceeds from long-term borrowings	6(15)(30)	3,600,000	6,800,000
Repayments of long-term borrowings	6(15)(30)	(6,400,000)	(4,500,000)
Increase in guarantee deposits received	6(30)	971	1,746
Repayments of principal portion of lease liabilities	6(8)(30)	(45,571)	(44,526)
Cash dividends paid	6(19)(30)	(3,889,699)	(3,241,416)
Capital surplus arising from donated assets		14,503	691
Net cash flows used in financing activities		(3,319,796)	(4,533,505)
Effect of exchange rate changes on cash and cash equivalents		216,162	188,697
Net increase (decrease) in cash and cash equivalents		3,102,880	(2,406,378)
Cash and cash equivalents at beginning of year	6(1)	6,119,194	8,525,572
Cash and cash equivalents at end of year	6(1)	\$ 9,222,074	\$ 6,119,194

The accompanying notes are an integral part of these parent company only financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) was incorporated on December 1969 and is primarily engaged in: (a) Processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products. (b) Manufacturing and trading of various rubber products and relevant rubber machinery. The Company has been listed on the Taiwan Stock Exchange starting from December 1987.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements have been authorized for issuance by the Board of Directors on March 24, 2022.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from Applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendments to IFRS 16, ‘Covid-19-Related Rent Concessions beyond 30 June 2021’	April 1, 2021 (Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment — proceeds before intended use'	January 1, 2022
Amendments to IFRS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.	

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9—comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The accompanying parent company only financial statements are prepared in conformity with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The accompanying parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realized within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the

transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Financial assets at fair value through other comprehensive income

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

- (a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

- (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

- (a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

- (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

The Company measured the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component on every balance sheet dates.

(10) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Leasing arrangements (lessor) – lease receivables/operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses on transactions between the Company and subsidiaries have been eliminated. Accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of subsidiaries' post-acquisition profit or loss is recognized in the statement of comprehensive income, and its share of subsidiaries' post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals to or exceeds its interest in the subsidiary, the Company shall recognize the loss proportional to its shares.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit

or loss when the related assets or liabilities are disposed of.

- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. When the Company disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, net income and other comprehensive income in the parent company only financial statements shall use the same allotments as the ones that are attributable to owners of the parent in the consolidated financial statements. Equity in parent company only financial statements should equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Joint operation and investments accounted for using the equity method- joint ventures

The Company accounts for its interest in a joint venture using the equity method. When the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Company's share of losses in a joint venture equals or exceeds its interest in the joint venture together with any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal

or constructive obligations or made payments on behalf of the joint venture.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
 - (a) Buildings: 5 ~ 60 years
 - (b) Machinery and equipment: 5 ~ 30 years
 - (c) Test equipment: 5 ~ 15 years
 - (d) Transportation equipment: 5 ~ 10 years
 - (e) Office equipment: 3 ~ 10 years
 - (f) Other assets: 3~ 20years

(16) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and

the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date; and
- (c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 5 ~ 40 years.

(18) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 8 years.

(19) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(20) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(23) Bonds payable

Ordinary corporate bonds issued by the Company are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(24) Derecognition of financial liabilities

Financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(25) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Financial guarantee contracts

Financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(27) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(28) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected

to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(29) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. Additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the

year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(31) Revenue recognition

Sales of goods

- A. The Company manufactures and sells various tire and rubber products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for

acceptance have been satisfied.

- B. Sales revenue of the Company, which mainly consists of sale of various tires and rubber products, was recognised based on the contract price net of sales discount and price break. Accumulated experience is used to estimate and provide for the sales discounts and allowances and price break, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected sales discounts and allowances and price break payable to customers in relation to sales made until the end of the reporting period. The sales are usually made with a credit term of 30 ~90 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of the parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. There are no critical accounting judgement, estimates and assumptions uncertainty for the year ended December 31, 2021.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and revolving funds	\$ 1,002	\$ 550
Checking deposits	14,977	1,728
Demand deposits	2,083,887	1,368,747
Foreign currency deposits	7,122,208	4,684,693
Time deposits	-	63,476
	<u>\$ 9,222,074</u>	<u>\$ 6,119,194</u>
Interest rate range		
Time deposits	<u>\$ -</u>	<u>1.70%~2.20%</u>

The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through profit or loss

Item	December 31, 2021	December 31, 2020
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Derivative instruments	\$ <u>17,648</u>	\$ <u>820</u>

A. The Company recognized net loss amounting to \$2,687 thousand and \$755 thousand on financial assets mandatorily measured at fair value through profit or loss – derivative instruments for the years ended December 31, 2021 and 2020, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

Derivative instruments	December 31, 2021	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts (USD exchange to NTD)	<u>USD 78,000 thousand</u>	2021/09/28~ 2022/05/04
Foreign exchange swap (USD exchange to NTD)	<u>USD 45,000 thousand</u>	2021/10/20~ 2022/05/06

Derivative instruments	December 31, 2020	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts (USD exchange to NTD)	<u>USD 40,000 thousand</u>	2020/11/09~ 2021/03/22
Foreign exchange swap (USD exchange to NTD)	<u>USD 60,000 thousand</u>	2020/10/20~ 2021/11/08

The Company entered into forward foreign exchange contracts and foreign exchange swap to hedge exchange rate risk of import (export) proceeds. However, these contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2021	December 31, 2020
Current items:		
Equity instruments		
Listed stocks	\$ 8,665	\$ 8,665
Valuation adjustment	14,418	21,152
Total	<u>\$ 23,083</u>	<u>\$ 29,817</u>
Non-current items:		
Equity instruments		
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>

- A. The Company has elected to classify equity instruments investments that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$81,270 thousand and \$88,004 thousand as at December 31, 2021 and 2020, respectively.
- B. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31, 2021	Year ended December 31, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive (loss) income	(\$ 6,734)	<u>\$ 3,882</u>

- C. Information relating to credit risk of financial assets at fair value through other comprehensive loss/income is provided in Note 12(2).

(4) Notes and accounts receivables

	December 31, 2021	December 31, 2020
Notes receivable	\$ 64,570	\$ 43,067
Less: Loss allowance	(9,277)	(9,277)
	<u>\$ 55,293</u>	<u>\$ 33,790</u>
Accounts receivable	\$ 967,394	\$ 1,318,866
Less: Loss allowance	(11,718)	(11,718)
	<u>\$ 955,676</u>	<u>\$ 1,307,148</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 812,143	\$ 64,570	\$ 1,156,459	\$ 43,067
Up to 30 days	107,924	-	124,191	-
31 -90 days	38,069	-	23,146	-
91 -180 days	4,825	-	7,046	-
Over 180 days	4,433	-	8,024	-
	<u>\$ 967,394</u>	<u>\$ 64,570</u>	<u>\$ 1,318,866</u>	<u>\$ 43,067</u>

The above ageing analysis was based on past due date.

- B. As at December 31, 2021 and 2020, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2020, the balance of accounts receivable and notes receivable from contracts with customers amounted to \$2,563,515 thousand.
- C. As at December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was \$55,293 thousand and \$33,790 thousand; \$955,676 thousand and \$1,307,148 thousand, respectively.
- D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw material	\$ 1,328,125	\$ -	\$ 1,328,125
Work in progress	447,047	-	447,047
Finished goods	1,021,817	(13,904)	1,007,913
	<u>\$ 2,796,989</u>	<u>(\$ 13,904)</u>	<u>\$ 2,783,085</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,005,128	\$ -	\$ 1,005,128
Work in progress	725,376	-	725,376
Finished goods	598,073	(13,904)	584,169
	<u>\$ 2,328,577</u>	<u>(\$ 13,904)</u>	<u>\$ 2,314,673</u>

The cost of inventories recognized as expense for the period:

	Year ended December 31, 2021	Year ended December 31, 2020
Cost of goods sold	\$ 15,220,854	\$ 14,156,766
Unallocated overheads	-	88,566
Others	(30,516)	(16,729)
	<u>\$ 15,190,338</u>	<u>\$ 14,228,603</u>

On September 26, 2020, a plant located in Xizhou owned by the Company absorbed some fire damage. The book value of the buildings and equipment which were damaged by the fire amounted to \$10,912 thousand. The Company has relevant property insurance and has filed a claim to the insurance company. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(6) Investments accounted for using equity method

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries:		
MAXXIS International Co., Ltd.	\$ 42,473,721	\$ 42,371,102
CST Trading Ltd.	27,697,590	26,823,193
MAXXIS Trading Ltd.	9,287,333	10,627,664
CHENG SHIN RUBBER USA, INC.	2,321,753	2,495,535
PT MAXXIS International Indonesia	135,796	685,105
CHENG SHIN RUBBER CANADA, INC.	647,155	677,839
MAXXIS (Taiwan) Trading CO., LTD	543,185	421,097
MAXXIS Tech Center Europe B.V.	76,451	78,617
PT. MAXXIS TRADING INDONESIA	42,593	32,572
Maxxis Europe B.V.	2,606	3,917
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	689	408
MAXXIS RUBBER JAPAN CO., LTD.	11,302	12,661
Associates:		
NEW PACIFIC INDUSTRY COMPANY LIMITED	180,417	172,981
	<u>\$ 83,420,591</u>	<u>\$ 84,402,691</u>

A. As at December 31, 2021, the credit balance of long-term equity investments, shown as 'other non-current liabilities', is due to the Company continuously providing financial support.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiary:		
MAXXIS Rubber India Private Limited	<u>\$ 1,358,435</u>	<u>\$ 484,002</u>

B. Subsidiary

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2021.

C. Joint ventures

The carrying amount of the Company's interests in all individually immaterial joint ventures and the Company's share of the operating results are summarized below:

As at December 31, 2021 and 2020, the carrying amount of the Company's individually immaterial joint ventures amounted to \$180,417 thousand and \$172,981 thousand, respectively.

	Year ended December 31, 2021	Year ended December 31, 2020
	<u> </u>	<u> </u>
Share of profit of joint ventures accounted for using equity method	\$ 19,401	\$ 18,520
Other comprehensive loss - net of tax	(1,965)	(528)
Total comprehensive income	<u>\$ 17,436</u>	<u>\$ 17,992</u>

(7) Property, plant and equipment, net

Year ended December 31, 2021

	Beginning of period	Additions	Disposals	Transfer	End of period
Cost					
Land	\$ 3,925,468	\$ -	\$ -	\$ -	\$ 3,925,468
Buildings and structures	6,563,263	76,375	-	218,780	6,858,418
Machinery	13,831,156	311,390	76,529	90,087	14,156,104
Testing equipment	819,918	1,495	928	5,939	826,424
Transportation equipment	196,801	1,718	731	-	197,788
Office equipment	192,593	7,238	-	-	199,831
Other facilities	4,615,654	218,689	10,951	26,347	4,849,739
Unfinished construction and equipment under acceptance	872,265	245,142	(487)	346,510	770,410
	<u>\$ 31,017,118</u>	<u>\$ 862,047</u>	<u>(\$ 89,626)</u>	<u>(\$ 5,357)</u>	<u>\$ 31,784,182</u>
Accumulated depreciation					
Buildings and structures	(\$ 2,504,676)	\$ 187,346	\$ -	\$ -	(\$ 2,692,022)
Machinery	(7,739,977)	(760,448)	76,529	-	(8,423,896)
Testing equipment	(713,846)	(44,559)	928	-	(757,477)
Transportation equipment	(149,270)	(15,522)	538	-	(164,254)
Office equipment	(144,271)	(29,016)	-	-	(173,287)
Other facilities	(3,530,482)	(510,904)	8,877	-	(4,032,509)
	<u>(\$ 14,782,522)</u>	<u>(\$ 1,547,795)</u>	<u>\$ 86,872</u>	<u>\$ -</u>	<u>(\$ 16,243,445)</u>
	<u>\$ 16,234,596</u>				<u>\$ 15,540,737</u>

Year ended December 31, 2020

	Beginning of period	Additions	Disposals	Transfer	End of period
Cost					
Land	\$ 3,925,468	\$ -	\$ -	\$ -	\$ 3,925,468
Buildings and structures	6,390,907	47,874	(7,234)	131,716	6,563,263
Machinery	12,717,065	414,320	(184,248)	884,019	13,831,156
Testing equipment	771,319	21,749	-	26,850	819,918
Transportation equipment	198,861	650	(2,710)	-	196,801
Office equipment	175,642	16,951	-	-	192,593
Other facilities	4,171,958	322,876	(3,166)	123,986	4,615,654
Unfinished construction and equipment under acceptance	1,673,323	368,710	(810)	(1,168,958)	872,265
	<u>\$ 30,024,543</u>	<u>\$ 1,193,130</u>	<u>(\$ 198,168)</u>	<u>(\$ 2,387)</u>	<u>\$ 31,017,118</u>
Accumulated depreciation					
Buildings and structures	(\$ 2,326,005)	\$ 180,888	\$ 2,217	\$ -	(\$ 2,504,676)
Machinery	(7,131,601)	(743,640)	135,377	(113)	(7,739,977)
Testing equipment	(669,399)	(44,447)	-	-	(713,846)
Transportation equipment	(132,315)	(18,263)	1,308	-	(149,270)
Office equipment	(110,539)	(33,732)	-	-	(144,271)
Other facilities	(2,966,430)	(565,657)	1,492	113	(3,530,482)
	<u>(\$ 13,336,289)</u>	<u>(\$ 1,586,627)</u>	<u>\$ 140,394</u>	<u>\$ -</u>	<u>(\$ 14,782,522)</u>
	<u>\$ 16,688,254</u>				<u>\$ 16,234,596</u>

On September 26, 2020, a plant located in Xizhou owned by the Company absorbed some fire damage. The book value of the buildings and equipment which were damaged by the fire amounted to \$51,367 thousand. The Company has relevant property insurance and has filed a claim to the insurance company. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

(8) Leasing arrangements — lessee

- A. The Company leases various assets including land, buildings, business vehicles, and multifunction printers. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets of land may not be used as security for borrowing purposes.
- B. Short-term leases comprise forklift trucks and stacking machines. Low-value assets comprise of defibrillators.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Book value</u>	<u>Book value</u>
Land	\$ 27,440	\$ 41,159
Buildings and structures	1,158	3,788
Transportation equipment	31,984	37,976
Office equipment	3,253	4,854
Other equipment	9,804	14,296
	<u>\$ 73,639</u>	<u>\$ 102,073</u>
	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2021</u>	<u>31, 2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land	\$ 13,720	\$ 16,925
Buildings and structures	2,630	3,125
Transportation equipment	23,706	23,526
Office equipment	1,335	1,798
Other equipment	4,017	4,266
	<u>\$ 45,408</u>	<u>\$ 49,640</u>

- D. For the years ended December 31, 2021 and 2020, the additions to right-of-use assets amounted to \$20,538 thousand and \$44,419 thousand, respectively.
- E. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	<u>Year ended December</u>	<u>Year ended December</u>
	<u>31, 2021</u>	<u>31, 2020</u>
Interest expense on lease liabilities	\$ 734	\$ 990
Expense on short-term lease contracts	1,188	3,019
Expense on leases of low-value assets	87	87
Expense on variable lease payments	3,281	8,953
	<u>\$ 5,290</u>	<u>\$ 13,049</u>

- F. For the years ended December 31, 2021 and 2020, the Company's total cash outflow for leases amounted to \$45,571 thousand and \$45,516 thousand, respectively.
- G. Variable lease payments
- (a) Some of the Company's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 6.47% and 14.28% of

lease payments are on the basis of variable payment terms and are accrued based on the stored amount of tires for the years ended December 31, 2021 and 2020, respectively. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$33 thousand and \$90 thousand for the years ended December 31, 2021 and 2020, respectively.

(9) Investment property, net

	Year ended December 31, 2021			
	Opening net	Additions	Transfer	Closing net
	book amount as at January 1			book amount as at December 31
Cost				
Land	\$ 336,421	\$ -	\$ -	\$ 336,421
Buildings and structures	27,766	-	-	27,766
	<u>\$ 364,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,187</u>
Accumulated depreciation				
Buildings and structures	(\$ 23,722)	(\$ 546)	\$ -	(\$ 24,268)
Accumulated impairment				
Land	(\$ 51,038)	<u>\$ -</u>	<u>\$ -</u>	(\$ 51,038)
	<u>\$ 289,427</u>			<u>\$ 288,881</u>
	Year ended December 31, 2020			
	Opening net	Additions	Transfer	Closing net
	book amount as at January 1			book amount as at December 31
Cost				
Land	\$ 336,339	\$ 82	\$ -	\$ 336,421
Buildings and structures	27,766	-	-	27,766
	<u>\$ 364,105</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 364,187</u>
Accumulated depreciation				
Buildings and structures	(\$ 23,116)	(\$ 606)	\$ -	(\$ 23,722)
Accumulated impairment				
Land	(\$ 51,038)	<u>\$ -</u>	<u>\$ -</u>	(\$ 51,038)
	<u>\$ 289,951</u>			<u>\$ 289,427</u>

A. Rental income from investment property is shown below:

	Year ended December 31, 2021	Year ended December 31, 2020
Rental income from investment property	\$ 9,288	\$ 8,725
Direct operating expenses arising from the investment property that generated rental income during the year	\$ 546	\$ 606

B. The fair value of the investment property held by the Company as at December 31, 2021 and 2020 were both \$557,821 thousand, which were valued by independent appraisers. Valuations were made using the comparison method which is categorized within Level 3 in the fair value hierarchy.

C. The Company acquired the land in Shangmei Section, Dacun Township, Changhua County which is farming and pasturable land. The land will be registered under the Company after the classification of the land is changed. Currently, the land is under the name of related party, Mr. /Ms. Chiu. The Company plans to use the land for operational expansion. The Company holds the original ownership certificate of such land and signed a land trust agreement, which requires the nominal holder not to transfer the ownership of the land to others.

(10) Intangible assets

	Year ended December 31, 2021				
	Opening net book amount as at January 1	Additions	Disposals	Transfer	Closing net book amount as at December 31
Cost					
Software	\$ 126,108	\$ 39,193	(\$ 18,373)	\$ -	\$ 146,928
Accumulated amortisation					
Software	(\$ 117,368)	(\$ 24,450)	\$ 18,373	\$ -	(\$ 123,445)
	<u>\$ 8,740</u>				<u>\$ 23,483</u>
	Year ended December 31, 2020				
	Opening net book amount as at January 1	Additions	Disposals	Transfer	Closing net book amount as at December 31
Cost					
Software	\$ 128,454	\$ 10,195	(\$ 12,541)	\$ -	\$ 126,108
Accumulated amortisation					
Software	(\$ 87,821)	(\$ 42,088)	\$ 12,541	\$ -	(\$ 117,368)
	<u>\$ 40,633</u>				<u>\$ 8,740</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Operating costs	\$ 1,051	\$ 1,016
Administrative expenses	13,467	29,481
Research and development expenses	9,932	11,591
	<u>\$ 24,450</u>	<u>\$ 42,088</u>

(11) Short-term borrowings

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 2,800,000	0.38%~0.52%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 1,400,000	0.45%~0.74%	None

(12) Other payables

	December 31, 2021	December 31, 2020
Employee compensation payable	\$ 270,248	\$ 232,596
Wages and salaries payable	654,732	518,769
Payable on machinery and equipment	128,196	127,850
Compensation due to directors	98,028	91,611
Others	562,812	658,781
	<u>\$ 1,714,016</u>	<u>\$ 1,629,607</u>

(13) Other current liabilities

	December 31, 2021	December 31, 2020
Receipts under custody	86,002	69,158
Others	968	3,481
	<u>\$ 86,970</u>	<u>\$ 72,639</u>

(14) Bonds payable

	December 31, 2021	December 31, 2020
Bonds payable - issued in 2016	\$ -	\$ 2,500,000
Bonds payable - issued in 2017	3,500,000	7,000,000
Bonds payable - issued in 2018	5,000,000	5,000,000
Bonds payable - issued in 2021	8,000,000	-
	16,500,000	14,500,000
Less: Current portion	(6,000,000)	(6,000,000)
	<u>\$ 10,500,000</u>	<u>\$ 8,500,000</u>

- A. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by FSC on July 27, 2021 and completed on August 5, 2021. The bonds were fully issued and total issuance amount was \$8 billion with a coupon rate of 0.60%. The issuance period of the bonds was 5 years, which is from August 5, 2021 to August 5, 2026. The terms are as follows:
- (a) Interest accrued/ paid:
The interest is accrued/ paid at a single rate annually from the issue date.
 - (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.
- B. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on July 16, 2018 and completed on July 25, 2018. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.87%. The issuance period of the bonds is 5 years, which is from July 25, 2018 and July 25, 2023. The terms are as follows:
- (a) Interest accrued/ paid:
The interest is accrued/paid at a single rate annually from the issue date.
 - (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.
- C. In order to meet operating capital requirements, repay debts and improve the financial structure, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on August 1, 2017 and completed on August 10, 2017. The bonds were fully issued and total issuance amount was \$7 billion with a coupon rate of 1.03%. The issuance period of the bonds is 5 years, which is from August 10, 2017 to August 10, 2022. The terms are as follows:
- (a) Interest accrued/ paid:
The interest is accrued/ paid at a single rate annually from the issue date.
 - (b) Redemption:
The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.
- D. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on September 13, 2016 and completed on September 26, 2016. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.71%. The issuance period of the bonds is 5 years, which is from September 26, 2016 to September 26, 2021. The terms are as follows:
- (a) Interest accrued/ paid:
The interest is accrued/ paid at a single rate annually from the issue date.
 - (b) Redemption:

The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Installment-repayment borrowings				
Unsecured borrowings	Principal is repayable in installment until October, 2025.	0.70%~0.81%	None	\$ 9,400,000
Less: Current portion				(1,700,000)
				<u>\$ 7,700,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Installment-repayment borrowings				
Unsecured borrowings	Principal is repayable in installment until October, 2025.	0.70%~1.00%	None	\$ 12,200,000
Less: Current portion				(1,658,333)
				<u>\$ 10,541,667</u>

According to the borrowing contract, the Company shall calculate the financial ratios based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2021 and 2020.

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law Act, covering all regular employees' including commissioned managers service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor

pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligations	\$ 1,170,562	\$ 1,278,916
Fair value of plan assets	(678,036)	(695,313)
Net defined benefit liability	<u>\$ 492,526</u>	<u>\$ 583,603</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>2021</u>		
	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
Balance at January 1	\$ 1,278,916	(\$ 695,313)	\$ 583,603
Current service cost	13,154	-	13,154
Interest expense (income)	<u>3,837</u>	<u>(2,086)</u>	<u>1,751</u>
	<u>1,295,907</u>	<u>(697,399)</u>	<u>598,508</u>
Remeasurements:			
Change in demographic assumptions	979	-	979
Change in financial assumptions	(43,632)	-	(43,632)
Experience adjustments	(28,093)	-	(28,093)
Return on plan asset (excluding amounts included in interest income or expense)	<u>-</u>	<u>(10,966)</u>	<u>(10,966)</u>
	<u>(70,746)</u>	<u>(10,966)</u>	<u>(81,712)</u>
Pension fund contribution	-	(24,270)	(24,270)
Paid pension	<u>(54,599)</u>	<u>54,599</u>	<u>-</u>
Balance at December 31	<u>\$ 1,170,562</u>	<u>(\$ 678,036)</u>	<u>\$ 492,526</u>

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	\$ 1,351,590	(\$ 653,508)	\$ 698,082
Current service cost	15,530	-	15,530
Interest expense (income)	9,461	(4,575)	4,886
	<u>1,376,581</u>	<u>(658,083)</u>	<u>718,498</u>
Remeasurements:			
Change in financial assumptions	47,926	-	47,926
Experience adjustments	(25,410)	-	(25,410)
Return on plan asset (excluding amounts included in interest income or expense)	-	(23,783)	(23,783)
	<u>22,516</u>	<u>(23,783)</u>	<u>(1,267)</u>
Pension fund contribution	-	(125,044)	(125,044)
Paid pension	(120,181)	111,597	(8,584)
Balance at December 31	<u>\$ 1,278,916</u>	<u>(\$ 695,313)</u>	<u>\$ 583,603</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

For the years ended December 31, 2021 and 2020, the actual return on plan assets was \$13,052 thousand and \$28,358 thousand, respectively.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Discount rate	<u>0.70%</u>	<u>0.30%</u>
Future salary increases	<u>3.00%</u>	<u>3.00%</u>

For the years ended December 31, 2021 and 2020, assumptions regarding future mortality experience are set based on the 6th and 5th empirical life table estimation in Taiwan life insurance industry, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2021				
Effect on present value of defined benefit obligation	(\$ 25,473)	\$ 26,377	\$ 22,962	(\$ 22,331)
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 30,281)	\$ 31,415	\$ 27,471	(\$ 26,674)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

- (f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2022 amount to \$13,256 thousand.
- (g) As of December 31, 2021, the weighted average duration of that retirement plan is 9 years. The analysis of timing of the weighted average duration of the future pension payment was as follows:

Within 1 year	\$	135,273
2-5 years		289,387
Over 6 years		306,008
	\$	<u>730,668</u>

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2021 and 2020 were \$148,645 thousand and \$152,470 thousand, respectively.

(17) Share capital

As at December 31, 2021, the Company’s authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to

issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.
- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The Company recognised dividends distributed to shareholders amounting to \$3,889,699 thousand and \$3,241,416 thousand (\$1.2 (in dollars) and \$1.0 (in dollars) per share) for the years ended December 31, 2021 and 2020, respectively. On March 24, 2022, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2021 was \$3,889,699 thousand at \$1.2 (in dollars) per share.

(20) Other equity items

	2021		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,632,448)	\$ 21,152	(\$ 6,611,296)
Valuation adjustment – Company	-	(6,734)	(6,734)
Currency translation differences:			
– Subsidiaries and associates	(1,212,635)	-	(1,212,635)
– Tax on subsidiaries and associates	242,527	-	242,527
At December 31	(\$ 7,602,556)	\$ 14,418	(\$ 7,588,138)

	2020		
	Currency translation	Unrealized gain on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,921,515)	\$ 17,270	(\$ 6,904,245)
Valuation adjustment – Company	-	3,882	3,882
Currency translation differences:			
– Subsidiaries and associates	361,334	-	361,334
– Tax on subsidiaries and associates	(72,267)	-	(72,267)
At December 31	(\$ 6,632,448)	\$ 21,152	(\$ 6,611,296)

(21) Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from contracts with customers	\$ 20,707,983	\$ 18,926,294

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following and geographical regions:

Year ended December 31, 2021					
Sale of tires based on location					
	Taiwan	China	US	Others	Total
Revenue from external contracts	\$ 2,397,277	\$ 291,833	\$ 1,108,187	\$ 7,154,261	\$ 10,951,558
Inter-segment revenue	<u>3,687,771</u>	<u>68,707</u>	<u>5,205,401</u>	<u>794,546</u>	<u>9,756,425</u>
Total segment revenue	<u>\$ 6,085,048</u>	<u>\$ 360,540</u>	<u>\$ 6,313,588</u>	<u>\$ 7,948,807</u>	<u>\$ 20,707,983</u>
Year ended December 31, 2020					
Sale of tires based on location					
	Taiwan	China	US	Others	Total
Revenue from external contracts	\$ 1,955,732	\$ 258,970	\$ 1,221,036	\$ 5,953,795	\$ 9,389,533
Inter-segment revenue	<u>3,798,690</u>	<u>85,560</u>	<u>4,763,551</u>	<u>888,960</u>	<u>9,536,761</u>
Total segment revenue	<u>\$ 5,754,422</u>	<u>\$ 344,530</u>	<u>\$ 5,984,587</u>	<u>\$ 6,842,755</u>	<u>\$ 18,926,294</u>

B. Contract liabilities

The Company has recognised the following revenue-related contract liabilities:

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liabilities:			
Advance sales receipts	\$ <u>257,430</u>	\$ <u>116,293</u>	\$ <u>99,878</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:			
	Year ended December 31, 2021	Year ended December 31, 2020	
Advance sales receipts	\$ <u>105,516</u>	\$ <u>81,161</u>	

(22) Interest income

	Year ended December 31, 2021	Year ended December 31, 2020
Interest income from bank deposits	\$ 15,836	\$ 64,822
Interest income endorsements/guarantees	14,546	17,206
	<u>\$ 30,382</u>	<u>\$ 82,028</u>

(23) Other income

	Year ended December 31, 2021	Year ended December 31, 2020
Revenue from patent royalties	\$ 442,228	\$ 454,383
Revenue from trademark royalties	323,453	322,076
Revenue from commission	205,087	183,359
Revenue from dividend	7,265	17,694
Revenue from per diem	12,620	10,700
Others	93,717	242,988
	<u>\$ 1,084,370</u>	<u>\$ 1,231,200</u>

(24) Other gains and losses

	Year ended December 31, 2021	Year ended December 31, 2020
Net currency exchange loss	(\$ 301,958)	(\$ 299,383)
Gain on disposal of property, plant and equipment	100,957	139,775
Loss on financial assets and liabilities at fair value through profit or loss	(2,687)	(755)
Disaster loss	-	(279)
Miscellaneous disbursements	(11,697)	(15,921)
	<u>(\$ 215,385)</u>	<u>(\$ 176,563)</u>

(25) Finance costs

	Year ended December 31, 2021	Year ended December 31, 2020
Interest expense:		
Bank borrowings	\$ 87,427	\$ 119,706
Corporate bonds	134,005	146,383
Lease liability-interest expense	734	990
	<u>\$ 222,166</u>	<u>\$ 267,079</u>

(26) Expenses by nature

	Year ended December 31, 2021		
	<u>Operating costs</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefits costs			
Wages and salaries	\$ 2,677,179	\$ 1,371,487	\$ 4,048,666
Labour and health insurance fees	240,080	119,725	359,805
Pension costs	109,224	54,326	163,550
Directors' remuneration	-	113,941	113,941
Other personnel expenses	78,591	17,314	95,905
	<u>\$ 3,105,074</u>	<u>\$ 1,676,793</u>	<u>\$ 4,781,867</u>
Raw materials and supplies used	<u>\$ 8,402,513</u>	<u>\$ -</u>	<u>\$ 8,402,513</u>
Depreciation expense on property, plant and equipment	<u>\$ 1,381,979</u>	<u>\$ 165,816</u>	<u>\$ 1,547,795</u>
Depreciation expense on right-of-use assets	<u>\$ 20,709</u>	<u>\$ 24,699</u>	<u>\$ 45,408</u>
Depreciation expense on investment property	<u>\$ -</u>	<u>\$ 546</u>	<u>\$ 546</u>
Amortisation expense on intangible assets	<u>\$ 1,051</u>	<u>\$ 23,399</u>	<u>\$ 24,450</u>
	Year ended December 31, 2020		
	<u>Operating costs</u>	<u>Operating expense</u>	<u>Total</u>
Employee benefits costs			
Wages and salaries	\$ 2,663,121	\$ 1,373,297	\$ 4,036,418
Labour and health insurance fees	249,375	124,210	373,585
Pension costs	112,404	60,482	172,886
Directors' remuneration	-	95,691	95,691
Other personnel expenses	86,328	20,384	106,712
	<u>\$ 3,111,228</u>	<u>\$ 1,674,064</u>	<u>\$ 4,785,292</u>
Raw materials and supplies used	<u>\$ 7,544,078</u>	<u>\$ -</u>	<u>\$ 7,544,078</u>
Depreciation expense on property, plant and equipment	<u>\$ 1,395,316</u>	<u>\$ 191,311</u>	<u>\$ 1,586,627</u>
Depreciation expense on right-of-use assets	<u>\$ 21,187</u>	<u>\$ 28,453</u>	<u>\$ 49,640</u>
Depreciation expense on investment property	<u>\$ -</u>	<u>\$ 606</u>	<u>\$ 606</u>
Amortisation expense on intangible assets	<u>\$ 1,016</u>	<u>\$ 41,072</u>	<u>\$ 42,088</u>

Note: As at December 31, 2021 and 2020, the Company had 5,262 and 5,904 employees, respectively, of which 9 directors were not the Company's employee.

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.
- B. Average employee benefit costs for the year ended December 31, 2021 was \$889 thousand ((Total employee benefit costs for the year ended December 31, 2021 – Total directors' remuneration for the year ended December 31, 2021) / (Number of employees for the year ended December 31, 2021 – Number of non-employee directors for the year ended December 31, 2021)). Average employee benefit costs for the year ended December 31, 2020 was \$796 thousand ((Total

employee benefit costs for the year ended December 31, 2020 – Total directors' remuneration for the year ended December 31, 2020) / (Number of employees for the year ended December 31, 2020 – Number of non-employee directors for the year ended December 31, 2020)).

- C. Average employee wages and salaries for the year ended December 31, 2021 were \$771 thousand (Total employee wages and salaries for the year ended December 31, 2021 / (Number of employees for the year ended December 31, 2021 – Number of non-employee directors for the year ended December 31, 2021)). Average employee wages and salaries for the year ended December 31, 2020 were \$685 thousand (Total employee wages and salaries for the year ended December 31, 2020 / (Number of employees for the year ended December 31, 2020 – Number of non-employee directors for the year ended December 31, 2020)).
- D. Changes of average employee wages and salaries was 12.55% ((Average employee wages and salaries for the year ended December 31, 2021 - Average employee wages and salaries for the year ended December 31, 2020) / Average employee wages and salaries for the year ended December 31, 2020).

(a) The Company has set up an audit committee, so there are no supervisors.

(b) The compensation policy and payment were determined by the Remuneration Committee of the Company in accordance with the market average of each position, and the duties and responsibilities of such position, as well as personal contribution to the Company's operation target. Besides taking overall operating performance of the Company into consideration, personal achievements and contributions made to business operations are also evaluated during the remuneration determination process. The Board of Directors would then approve the remuneration that is fair and reasonable.

The Company's independent director remuneration is delegated to the Board to decide and will be decided according to their participation procedure and contribution to the Company's operation and the common standard in the industry. The independent directors receive a fixed amount of remuneration and the traveling expenses of attending meetings. They do not receive other forms of remuneration and may not participate in the distribution of the Company's director remuneration.

The employees' emolument of the Company mainly includes salary, bonus, employee compensation, etc. The payment standard is set according to the industry salary standard, the Company's operating conditions, employees' personal performance, the position held and the responsibility assumed as well as in compliance with the laws and regulations. The employees' compensation is distributed according to the Company's Articles of Incorporation and distributable profit of the year. The employees' emolument do not vary according to age, gender, race, religion, political affiliation, marital status and union membership.

- E. For the years ended December 31, 2021 and 2020, employees' compensation was accrued at \$130,705 thousand and \$139,544 thousand, respectively; while directors' remuneration was accrued at \$98,028 thousand and \$91,611 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.5% of distributable profit of current year for the year ended December 31, 2021.

Employees' compensation for 2020 amounting to \$139,544 thousand as resolved at the meeting

of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Directors' remuneration for 2020, the difference of \$13,047 thousand between the amount (resolved at 1.5%) resolved at the Board meeting and the amount of \$91,611 thousand (provided at 1.313%) recognised in the 2020 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2021. The employees' compensation for 2020 will be distributed in the form of cash. As of March 24, 2022, the employees' compensation for 2020 has not been distributed. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2021	Year ended December 31, 2020
Current tax:		
Current tax on profits for the period	\$ 1,086,432	\$ 1,261,903
Prior year income tax overestimation	(1,987)	(196,115)
Additional 5% tax on undistributed earnings	55,011	-
Total current tax	1,139,456	1,065,788
Deferred tax:		
Origination and reversal of temporary differences	(102,968)	(308,456)
Income tax expense	<u>\$ 1,036,488</u>	<u>\$ 757,332</u>

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Generated during the period:		
Currency translation differences	\$ 242,527	(\$ 72,267)
Remeasurement of defined benefit obligations	(16,342)	(253)
Total generated during the period	226,185	(72,520)
Income tax from other comprehensive income	<u>\$ 226,185</u>	<u>(\$ 72,520)</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2021	Year ended December 31, 2020
Tax calculated based on profit before tax and statutory tax rate	\$ 1,261,299	\$ 1,349,207
Effects from items disallowed by tax regulation	70,321	81,147
Income from investing overseas subsidiaries not recognized as deferred tax liabilities	(598,266)	(820,398)
Temporary differences not recognised as deferred tax assets	321,145	550,979
Tax exempt income by tax regulation	(71,035)	(51,193)
Effect from investment tax credits	-	(156,295)
Prior year income tax overestimation	(1,987)	(196,115)
Additional 5% tax on undistributed earnings	55,011	-
Income tax expense	<u>\$ 1,036,488</u>	<u>\$ 757,332</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gain on inter-affiliated accounts	\$ 156,234	(\$ 28,548)	\$ -	\$ 127,686
Remeasurement of defined benefit obligations	165,549	-	(16,342)	149,207
Exchange differences on translation of foreign financial statements	1,136,794	-	242,527	1,379,321
Unrealised exchange loss	68,818	(42,256)	-	26,562
Others	15,761	46,314	-	62,075
Subtotal	<u>\$ 1,543,156</u>	<u>(\$ 24,490)</u>	<u>\$ 226,185</u>	<u>\$ 1,744,851</u>
- Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 449,284)	\$ 115,209	\$ -	(\$ 334,075)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Others	(18,512)	12,249	-	(6,263)
Subtotal	<u>(\$ 982,529)</u>	<u>\$ 127,458</u>	<u>\$ -</u>	<u>(\$ 855,071)</u>
Total	<u>\$ 560,627</u>	<u>\$ 102,968</u>	<u>\$ 226,185</u>	<u>\$ 889,780</u>

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gain on inter-affiliated accounts	\$ 146,333	\$ 9,901	\$ -	\$ 156,234
Remeasurement of defined benefit obligations	165,802	-	(253)	165,549
Exchange differences on translation of foreign financial statements	1,209,061	-	(72,267)	1,136,794
Unrealised exchange loss	64,214	4,604	-	68,818
Others	33,132	(17,371)	-	15,761
Subtotal	<u>\$ 1,618,542</u>	<u>(\$ 2,866)</u>	<u>(\$ 72,520)</u>	<u>\$ 1,543,156</u>
- Deferred tax liabilities:				
Gain on foreign long-term investments	(\$ 738,159)	\$ 288,875	\$ -	(\$ 449,284)
Adjustment of land value increment tax	(514,733)	-	-	(514,733)
Others	(40,959)	22,447	-	(18,512)
Subtotal	<u>(\$ 1,293,851)</u>	<u>\$ 311,322</u>	<u>\$ -</u>	<u>(\$ 982,529)</u>
Total	<u>\$ 324,691</u>	<u>\$ 308,456</u>	<u>(\$ 72,520)</u>	<u>\$ 560,627</u>

D. The Company accrued deferred tax liabilities, taking into account operating result, degree of expansion and dividend policy of each overseas subsidiary. Based on the assessment, the amounts of temporary difference unrecognised as deferred tax liabilities as of December 31, 2021 and 2020 were \$50,581,303 thousand and \$47,546,817 thousand, respectively.

F. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 5,270,007</u>	<u>3,241,416</u>	<u>\$ 1.63</u>
<u>Diluted earnings per share</u>			
Profit for the year	5,270,007	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,450	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,270,007</u>	<u>3,245,866</u>	<u>\$ 1.62</u>

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 5,988,702	3,241,416	\$ 1.85
<u>Diluted earnings per share</u>			
Profit for the year	5,988,702	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,035	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	\$ 5,988,702	3,245,451	\$ 1.85

(29) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31, 2021	Year ended December 31, 2020
Purchase of property, plant and equipment	\$ 862,047	\$ 1,193,130
Add: Opening balance of payable on equipment	127,850	327,645
Less: Ending balance of payable on equipment	(128,196)	(127,850)
Cash paid during the period	\$ 861,701	\$ 1,392,925

(30) Changes in liabilities from financing activities

	2021						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 1,400,000	\$ 12,200,000	\$ 14,500,000	\$ 647	\$ 102,188	\$ 8,796	\$ 28,211,631
Changes in cash flow from financing activities	1,400,000	(2,800,000)	2,000,000	(3,889,699)	(45,571)	971	(3,334,299)
Interest paid	-	-	-	-	(734)	-	(734)
Additions	-	-	-	3,889,699	17,672	-	3,907,371
Changes in non- cash items	-	-	-	(647)	-	-	(647)
Amortisation of interest expense	-	-	-	-	734	-	734
At December 31	\$ 2,800,000	\$ 9,400,000	\$ 16,500,000	\$ -	\$ 74,289	\$ 9,767	\$ 28,784,056

	2020						
	Short-term borrowings	Long-term borrowings	Bonds payable	Dividends payable	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 2,450,000	\$ 9,900,000	\$ 17,000,000	\$ 647	\$ 104,141	\$ 7,050	\$ 29,461,838
Changes in cash flow from financing activities	(1,050,000)	2,300,000	(2,500,000)	(3,241,416)	(45,516)	1,746	(4,535,186)
Interest paid	-	-	-	-	(990)	-	(990)
Additions	-	-	-	3,241,416	43,563	-	3,284,979
Amortisation of interest expense	-	-	-	-	990	-	990
At December 31	\$ 1,400,000	\$ 12,200,000	\$ 14,500,000	\$ 647	\$ 102,188	\$ 8,796	\$ 28,211,631

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's vice chairman
Luo, Jye	Relative of the Company's director within first degree of relationship
Lo, Ming-Ling	Spouse of the Company's director
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's director
Luo, Yuan-Yo	Relative of the Company's director within first degree of relationship
Lo, Yuan-Long	Relative of the Company's director within first degree of relationship
Chen, Po-Chia	Relative of the Company's director within first degree of relationship
Chen, Ping-Hao	Relative of the Company's chairman within first degree of relationship

Except for the related parties shown above, other are investee companies. Information on investee companies and indirect investments in Mainland China are described in Notes 13(2) and 13(3).

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31, 2021	Year ended December 31, 2020
Sales of goods:		
– Subsidiaries		
MAXXIS (Taiwan) Trading CO., LTD.	\$ 3,687,771	\$ 3,798,690
CHENG SHIN RUBBER USA, INC.	5,205,401	4,763,551
Others	863,253	974,520
– Other related parties	66,619	54,148
	<u>\$ 9,823,044</u>	<u>\$ 9,590,909</u>

The Company's sales price to related parties was approximately the same as third parties. Credit term for exporting sales amount was the same as third parties, which was collected after 60 days to 90 days.

B. Purchases

	Year ended December 31, 2021	Year ended December 31, 2020
Sales of goods:		
Subsidiaries	\$ 734,721	\$ 961,007

The credit term for purchases from related parties is the same with third parties. Except for Maxxis (Thailand) which is paid 30 days after the purchase, other payments are the same with third parties, which are 90 days after the purchase.

C. Property transactions

(a) Proceeds from sales of property and gain (loss) on disposal:

	Year ended December 31, 2021		Year ended December 31, 2020	
	Sales amount	Gain on disposal	Sales amount	Gain on disposal
Subsidiaries	\$ 4,769	\$ 2,776	\$ 158,098	\$ 59,445

(b) Ending balance of receivables from sales of property:

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 2,145	\$ 61,619

Abovementioned receipt from sales of fixed assets to related parties are collected 60~90 days after the sales of equipment.

D. Revenue from patent royalties (listed other income) and other receivables (shown as ‘Other current assets’)

(a) Revenue from patent royalties:

	Year ended December 31, 2021	Year ended December 31, 2020
Subsidiaries	\$ 442,228	\$ 454,383

(b) Ending balance of royalty receivables from technology:

	December 31, 2021	December 31, 2020
Subsidiaries	\$ 113,831	\$ 158,688

Abovementioned royalty revenue for technology was calculated by applying the agreed upon ratio to net sales amounts, and payment was originally collected yearly and was changed to quarterly since 2014.

E. Interest income-endorsements/guarantees (listed other income) and other receivables (shown as ‘Other current assets’)

(a) Interest income-endorsements/guarantees:

	Year ended December 31, 2021	Year ended December 31, 2020
Subsidiaries	\$ 14,546	\$ 17,206

(b) Ending balance of interest receivables from endorsements and guarantees:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 8,269	\$ 31,715

Abovementioned interest income from endorsements and guarantees was calculated by applying the agreed ratio to the amount guaranteed and payment was originally collected yearly but was changed to quarterly since 2014.

F. Revenue from commission (listed other income) and other receivables (shown as ‘Other current assets’)

(a) Revenue from commission:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Subsidiaries	\$ 205,087	\$ 183,359

(b) Ending balance of receivables from commission:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 40,405	\$ 56,675

Abovementioned commission revenue was determined at certain rate of sales amounts and payment was originally collected yearly but was changed to quarterly since 2014.

G. Revenue from trademark royalties (listed other income) and other receivables (shown as ‘Other current assets’)

(a) Revenue from trademark royalties:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Subsidiaries	\$ 323,453	\$ 322,076

(b) Ending balance of receivables from trademark royalties:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 70,547	\$ 97,518

Abovementioned revenue from trademark royalties was determined at certain rate of sales and was originally collected yearly but was changed to quarterly since 2014.

H. Revenue from per diem (listed other income) and other receivables (shown as ‘Other current assets’)

(a) Revenue from per diem:

	<u>Year ended December 31, 2021</u>	<u>Year ended December 31, 2020</u>
Subsidiaries	\$ 12,620	\$ 10,700

(b) Ending balance of receivables from per diem:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 7,899	\$ 32,801

The aforementioned per diem income is based on agreed per diem rate multiplied by traveling days. Collection terms have been revised from yearly to quarterly since year 2014.

I. Accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable		
–Subsidiaries		
CHENG SHIN RUBBER USA, INC.	\$ 1,328,328	\$ 1,121,502
MAXXIS (Taiwan) Trading CO., LTD.	410,080	433,464
CHENG SHIN RUBBER CANADA, INC.	56,081	179,366
Others	70,626	71,178
–Other related parties	17,173	20,052
	<u>\$ 1,882,288</u>	<u>\$ 1,825,562</u>

J. Other receivables (shown as ‘Other current assets’)

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 4,155	\$ 61,619

Other receivables mainly arose from supplies and packaging material sold to related parties and payment on behalf of related parties.

K. Accounts payable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 44,103	\$ 380,533

L. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries	\$ 76,418	\$ 125,550
Associates	30	191
	<u>\$ 76,448</u>	<u>\$ 125,741</u>

Abovementioned payments are advertisement expense and sponsorship to racing drivers paid by related parties on behalf of the Company.

M. Lease transactions – lessee

(a) The Company leases lands from Luo, Jye, Lo, Ming-Ling, Lo, Ming-I, Lo, Tsai-Jen, Luo, Yuan-Yo, Lo, Yuan-Long, Chen, Po-Chia and Chen, Ping-Hao. Rental contracts are typically made for periods of 4 to 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Key management personnel	\$ 27,829	\$ 41,546

ii. Interest expense

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Key management personnel	<u>\$ 258</u>	<u>\$ 385</u>

N. Information about guarantees

As of December 31, 2021 and 2020, the Company and the financial institutions agreed that the Company's subsidiaries may apply for loans within the following credit lines as stated in the letter of credit with a local branch of the aforementioned financial institutions. The Company will be responsible for the guarantee. Details are as follows:

<u>Obligee</u>	<u>Guaranteed line of credit</u>	<u>Used amounts as of December 31, 2021</u>
Subsidiaries	USD 680,000 thousand	USD 518,551 thousand
	THB 1,000,000 thousand	THB 85,920 thousand
	INR 2,900,000 thousand	INR 2,193,384 thousand

<u>Obligee</u>	<u>Guaranteed line of credit</u>	<u>Used amounts as of December 31, 2020</u>
Subsidiaries	USD 613,100 thousand	USD 481,899 thousand
	THB 2,000,000 thousand	THB 571,680 thousand
	INR 1,450,000 thousand	INR 1,434,048 thousand

As of December 31, 2021 and 2020, the Company's endorsements/guarantees have not exceeded the limit.

(3) Key management compensation

	<u>Year ended December</u> <u>31, 2021</u>	<u>Year ended December</u> <u>31, 2020</u>
Short-term employee benefits	\$ 245,199	\$ 216,350
Post-employment benefits	1,389	2,038
	<u>\$ 246,588</u>	<u>\$ 218,388</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

Information about related parties' guarantees is provided in Note 7.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, plant and equipment	<u>\$ 100,642</u>	<u>\$ 226,155</u>

B. Amount of letter of credit that has been issued but not yet used:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Amount of letter of credit that has been issued but not yet used	<u>\$ 554</u>	<u>\$ 570</u>

10. SIGNIFICANT DISASTER LOSS

On September 26, 2020, a fire damaged a plant located in Xizhou owned by the Company and destroyed

some buildings, equipment and inventories inside the plant. The book value of the damaged properties amounted to \$62,279 thousand, including buildings and equipment as well as inventories of \$51,367 thousand and \$10,912 thousand, respectively. The Company has relevant property insurance and has filed a claim to the insurance company and the estimated insurance claims that can be obtained amounted to \$62,000 thousand. The related losses and estimated insurance claims income are presented in net amount and are shown as losses under other gains and losses. Information relating to the fire damage is provided in Note 10.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2021, the Company's strategy was unchanged from 2020. The company maintained the gearing ratios below 200%. The gearing ratios at December 31, 2021 and 2020 were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total liabilities	\$ 35,624,918	\$ 34,546,755
Total equity	\$ 80,918,469	\$ 80,437,095
Less : Intangible assets	(23,483)	(8,740)
Tangible equity	<u>\$ 80,894,986</u>	<u>\$ 80,428,355</u>
Debt-equity ratio	<u>44.04%</u>	<u>42.95%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss-current		
Financial assets mandatorily measured at fair value through profit or loss	\$ 17,648	\$ 820
Financial assets at fair value through other comprehensive income - current		
Designation of equity instrument	23,083	29,817
Financial assets at fair value through other comprehensive income - non-current		
Designation of equity instrument	58,187	58,187
Financial assets at amortised cost/Loans and receivables		
Cash and cash equivalents	9,222,074	6,119,194
Notes receivable, net	55,293	33,790
Accounts receivable (including related parties)	2,837,964	3,132,710
Guarantee deposits paid	1,898	1,689
	<u>\$ 12,216,147</u>	<u>\$ 9,376,207</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 2,800,000	\$ 1,400,000
Accounts payable (including related parties)	1,248,247	1,667,033
Other accounts payable	1,714,016	1,629,607
Corporate bonds payable (including current portion)	16,500,000	14,500,000
Long-term borrowings (including current portion)	9,400,000	12,200,000
Guarantee deposits received	9,767	8,796
	<u>\$ 31,672,030</u>	<u>\$ 31,405,436</u>
Lease liabilities (including current portion)	<u>\$ 74,289</u>	<u>\$ 102,189</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the board of directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of

financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities.
- ii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss.
- iii. The Company's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: RMB, THB, VND, CAD, IDR, EUR, INR, JPY, MXN and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2021

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 299,575	27.680	\$ 8,292,236	1%	\$ 82,922	\$ -
EUR : TWD	20,586	31.320	644,754	1%	6,448	-
JPY : TWD	1,343,878	0.241	323,203	1%	3,232	-
RMB : TWD	33,049	4.344	143,565	1%	1,436	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD : TWD	\$ 129,032	27.680	\$ 3,571,606	1%	\$ 12,499	\$ 23,218
RMB : TWD	404,915	4.344	1,758,951	1%	17,590	-
IDR : TWD	90,095,766	0.002	178,390	1%	-	1,784
CAD : TWD	29,933	21.620	647,151	1%	-	6,472
EUR : TWD	19,794	31.320	619,948	1%	5,362	838
JPY : TWD	1,774,998	0.241	426,887	1%	4,089	180
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 18,108	27.680	501,229	1%	\$ 5,012	-
<u>Non-monetary items</u>						
USD : TWD	\$ 8,759	27.680	242,449	1%	\$ 2,424	-

December 31, 2020

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 226,440	28.480	\$ 6,449,011	1%	\$ 64,490	\$ -
EUR : TWD	17,025	35.020	596,216	1%	5,962	-
RMB : TWD	68,727	4.377	300,818	1%	3,008	-
JPY : TWD	588,719	0.276	162,486	1%	1,625	-
<u>Financial assets</u>						
<u>Non-monetary items</u>						
USD : TWD	\$ 121,147	28.480	\$ 3,450,267	1%	\$ 9,548	\$ 24,955
RMB : TWD	356,953	4.377	1,562,383	1%	15,624	-
IDR : TWD	353,535,820	0.002	717,678	1%	-	7,177
CAD : TWD	30,328	22.350	677,831	1%	-	6,778
EUR : TWD	19,130	35.020	669,933	1%	5,827	872
JPY : TWD	1,668,213	0.276	460,427	1%	4,410	194
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 33,170	28.480	944,682	1%	\$ 9,447	-
<u>Non-monetary items</u>						
USD : TWD	\$ 3,520	28.480	100,250	1%	\$ 1,003	-

- iv. The exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2021 and 2020 amounted to (\$301,958) thousand and (\$299,383) thousand, respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Company diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the years ended December 31, 2021 and 2020 would have increased/decreased by \$813 thousand and \$880 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2021 and 2020, the Company's borrowings at variable rate were denominated in the TWD.
- ii. The Company's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. At December 31, 2021 and 2020, if interest rates on TWD denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2021 and 2020 would have been \$9,760 thousand and \$10,880 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
- ii. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
- iii. The Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
- iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Company wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. As at December 31, 2021 and 2020, the Company has no written-off financial assets that are still under recourse procedures.
- vii. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As at December 31, 2021 and 2020, the provision matrix is as follows:

<u>December 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 812,143	\$ -
Up to 30 days	3.85%	107,924	4,155
31 to 90 days	7.02%	38,069	2,672
91 to 180 days	38.88%	4,825	1,876
Over 180 days	68.03%	4,433	3,016
		<u>\$ 967,394</u>	<u>\$ 11,718</u>
<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 1,156,459	\$ -
Up to 30 days	1.90%	124,191	2,360
31 to 90 days	4.99%	23,146	1,155
91 to 180 days	38.90%	7,046	2,741
Over 180 days	68.08%	8,024	5,463
		<u>\$ 1,318,866</u>	<u>\$ 11,718</u>

- viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>2021</u>
At January 1 and December 31 _IFRS 9	<u>\$ 11,718</u>
	<u>2020</u>
At January 1 and December 31 _IFRS 9	<u>\$ 11,718</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational

needs so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2021

<u>Non-derivative financial liabilities</u>	<u>Less than 90 days</u>	<u>Between 91 and 180 days</u>	<u>Between 181 and 365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 2,800,000	\$ -	\$ -	\$ -	\$ 2,800,000
Accounts payable (including related parties)	1,248,247	-	-	-	1,248,247
Other payables	1,432,397	-	150,914	130,705	1,714,016
Lease liabilities	21,231	6,864	12,016	34,178	74,289
Guarantee deposits received	-	-	-	9,767	9,767
Long-term borrowings	16,969	17,835	1,729,639	7,754,156	9,518,599
Bonds payable	-	-	6,127,550	10,689,750	16,817,300

December 31, 2020

<u>Non-derivative financial liabilities</u>	<u>Less than 90 days</u>	<u>Between 91 and 180 days</u>	<u>Between 181 and 365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 1,401,460	\$ -	\$ -	\$ -	\$ 1,401,460
Accounts payable (including related parties)	1,667,033	-	-	-	1,667,033
Other payables	1,346,222	-	143,841	139,544	1,629,607
Lease liabilities	21,311	7,086	13,580	60,212	102,189
Guarantee deposits received	-	-	-	8,796	8,796
Long-term borrowings	150,630	25,630	1,582,144	10,655,521	12,413,925
Bonds payable	-	-	6,133,350	8,601,300	14,734,650

As at December 31, 2021 and 2020, there was no financial derivative liabilities transaction.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and

- volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks, beneficiary certificates, is included in Level 1.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in most derivative instruments is included in Level 2.
- Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

- (a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

		December 31, 2021		
		Fair value		
<u>Carrying amount</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 16,500,000	\$ -	\$ 16,546,968	\$ -

		December 31, 2020		
		Fair value		
<u>Carrying amount</u>		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,546,679	\$ -

- (b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the interest rate of par value was equivalent to market interest rate.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

- (a) The related information of natures of assets and liabilities is as follows:

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	-	17,648	-	17,648
Financial assets at fair value through other comprehensive income - Equity securities	\$ 23,083	\$ -	\$ 58,187	\$ 81,270
	<u>\$ 23,083</u>	<u>\$ 17,648</u>	<u>\$ 58,187</u>	<u>\$ 98,918</u>
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	-	820	-	820
Financial assets at fair value through other comprehensive income - Equity securities	\$ 29,817	\$ -	\$ 58,187	\$ 88,004
	<u>\$ 29,817</u>	<u>\$ 820</u>	<u>\$ 58,187</u>	<u>\$ 88,824</u>

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. For Level 1, the Company used market quoted prices as their fair values according to the characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.
- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- iii. Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the years ended December 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the years ended December 31, 2021 and 2020.

(4) Assessment of impact of the COVID-19

Due to the spread of Covid-19 pandemic globally, production of all factories of the Company's subsidiary, Maxxis Rubber India Private Limited, was suspended to allow for disinfection from May 10, 2021 to May 14, 2021. However, it did not affect the Group's internal capacity allocation and

operations of the Group continued normally. As of the fourth quarter of 2021, the overall business and finance were not significantly impacted by the pandemic based on the Company's assessment. The Group will continue to monitor the development of the pandemic and coordinate with the government's pandemic prevention programs to maintain regular operations.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: please refer to table 1.
- B. Provision of endorsements and guarantees to others: please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6(2), (24) and 12(2), 12(3).
- J. Significant inter-company transactions during the reporting periods: please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: please refer to table 8.
- B. Ceiling on investments in Mainland China: please refer to table 8.
- C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the year ended December 31, 2021: please refer to tables 4, 5 and 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

CHENG SHIN RUBBER IND. CO., LTD.

Loans to others

Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Limit on loans granted to a single party (Note 2, 3, 4)	Ceiling on total loans granted (Note 5, 6)	Footnote
												Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,288,000	\$ 3,258,000	\$ 2,641,152	3.85%	Note 7	\$ -	Operating capital	\$ -	\$ -	\$ 5,133,202	\$ 8,555,336	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	3,270,000	3,258,000	1,346,640	3.85%	Note 7	-	Operating capital	-	-	5,133,202	8,555,336	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL. AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	569,920	564,720	412,680	4.85%	Note 7	-	Operating capital	-	-	5,133,202	8,555,336	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	13,080	13,032	8,688	3.85%	Note 7	-	Operating capital	-	-	5,133,202	8,555,336	Note 9
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	876,800	434,400	434,400	3.25%	Note 7	-	Operating capital	-	-	5,100,663	10,201,326	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,192,000	1,086,000	521,280	3.85%	Note 7	-	Operating capital	-	-	7,192,694	11,987,823	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN (XIAMEN) INTL. AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	654,000	651,600	69,504	3.85%	Note 7	-	Operating capital	-	-	7,192,694	11,987,823	Note 9
4	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Other receivables	Yes	8,768	-	-	0.00%	Note 7	-	Operating capital	-	-	29,330	117,322	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 60% of above Companies' net assets.

Note 3: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. to a single party is 20% of the Company's net assets.

Note 4: Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD. to a single party is 10% of the Company's net assets.

Note 5: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to others is 100% of above Companies' net assets.

Note 6: Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD. and CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. to others is 40% of above Companies' net assets.

Note 7: Fill in purpose of loan when nature of loan is for short-term financing. The transaction was completed through the trust loans signed with financial institutions in Mainland China.

Note 8: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 9: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2021	Outstanding endorsement/ guarantee amount at December 31, 2021	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Relationship with the endorser/ guarantor	Company name											
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub- subsidiary	\$ 40,459,235	\$ 1,903,600	\$ 834,700	\$ 71,717	\$ -	1.03	\$ 56,642,928	Y	N	N	Note 2, Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	40,459,235	7,623,093	7,551,584	6,119,211	-	9.33	56,642,928	Y	N	N	Note 2, Note 3
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	40,459,235	12,574,275	12,461,536	9,050,437	-	15.40	56,642,928	Y	N	N	Note 2, Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Ceiling on the Company's total endorsements/guarantees to others is 70% of the Company's current net assets.

Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets.

Limit on the Company's endorsements/guarantees to a foreign single affiliate company is 50% of the Company's net assets.

Note 3: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at December 31, 2021.

\$ 56,642,928
\$ 16,183,694
\$ 40,459,234

CHENG SHIN RUBBER IND. CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2021

Table 3
Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	As of December 31, 2021				Footnote
			Number of shares/ units	Book value	Ownership (%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	- Current financial assets at fair value through other comprehensive income	-	\$ 23,083	-	\$ 23,083	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	- Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187	Note 2

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.

Note 2: Other marketable securities do not exceed 5% of the account.

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Unit price	Credit term	Balance			
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	\$ 5,205,976	(25.14)	Collect within 120 days after shipment of goods	Same	Same	\$ 1,328,328	45.58	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(552,846)	(2.67)	Collect within 90 days after shipment of goods	Same	Same	56,081	1.92	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(3,688,796)	(17.81)	Collect within 30 days	Same	Same	410,080	14.07	Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	(sales)	(109,963)	(0.53)	Collect within 60-90 days after shipment of goods	Same	Same	5,640	0.19	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	(144,514)	(0.78)	Collect within 60 days after shipment of goods	Same	Same	24,580	0.98	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	TIANJIN TAFENG RUBBER IND CO., LTD.	Same ultimate parent	(sales)	(116,381)	(0.63)	Collect within 60-90 days after shipment of goods	Same	Same	-	-	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(1,142,319)	(6.16)	Collect within 60-90 days after shipment of goods	Same	Same	348,011	13.93	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(169,037)	(0.91)	Collect within 60-90 days after shipment of goods	Same	Same	32,280	1.29	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,510,223)	(33.73)	Collect within 60-90 days after shipment of goods	Same	Same	349,365	35.12	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(373,909)	(8.35)	Collect within 60-90 days after shipment of goods	Same	Same	49,639	4.99	Note 3
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(217,085)	(4.85)	Collect within 60-90 days after shipment of goods	Same	Same	36,325	3.65	Note 3
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(1,747,540)	(16.06)	Collect within 60-90 days after shipment of goods	Same	Same	760,580	88.71	Note 3
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(382,881)	(26.42)	Collect within 60-90 days after shipment of goods	Same	Same	50,563	23.49	Note 3
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent	(sales)	(246,238)	(16.99)	Collect within 60-90 days after shipment of goods	Same	Same	25,619	11.90	Note 3
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(189,229)	(13.06)	Collect within 60-90 days after shipment of goods	Same	Same	13,501	6.27	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Same ultimate parent	(sales)	(179,622)	(0.97)	Collect within 60-90 days after shipment of goods	Same	Same	19,257	0.61	Note 3
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Same ultimate parent	(sales)	(114,536)	(0.62)	Collect within 60-90 days after shipment of goods	Same	Same	20,816	0.66	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(1,172,316)	(22.42)	Collect within 60-90 days after shipment of goods	Same	Same	279,542	31.50	Note 3
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Same ultimate parent	(sales)	(236,376)	(4.52)	Collect within 60-90 days after shipment of goods	Same	Same	28,987	3.27	Note 3
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Toyo Tire & Rubber Co., Ltd.	Associates	(sales)	(107,225)	(58.64)	Collect within 60-90 days after shipment of goods	Same	Same	5,885	27.99	Note 3
Cheng Shin Rubber (Vietnam) IND Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Same ultimate parent	(sales)	(103,225)	(1.98)	Collect within 60-90 days after shipment of goods	Same	Same	8,712	2.06	Note 3

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions (Note 1)			Notes/accounts receivable (payable)		
			Purchases (sales)	Amount	Percentage of total purchases (sales) (%)	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)	
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	Ultimate parent	(sales)	\$ 334,931	(3.17)	Collect within 30-60 days after shipment of goods	Same	Same	\$ 2,726	0.19	Note 3
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(855,433)	(8.10)	Collect within 120 days after shipment of goods	Same	Same	154,467	10.83	Note 3
PT MAXXIS International Indonesia	Maxxis Rubber India Private Limited	Same ultimate parent	(sales)	(117,478)	(6.88)	Collect within 60-90 days after shipment of goods	Same	Same	37,465	11.42	Note 3

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
December 31, 2021

Table 5

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2021	Turnover rate	Overdue receivables		Allowance for doubtful accounts
					Amount	Action taken	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary (Note 4)	\$ 1,328,341	Note 3	-	\$ 758,237	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 4)	414,226	Note 3	-	410,080	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	348,525	Note 3	-	158,911	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Same ultimate parent (Note 4)	114,530	Note 3	-	25,615	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	350,724	Note 3	-	167,271	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 4)	763,682	Note 3	-	427,237	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 4)	279,542	4.26	-	159,767	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 4)	154,467	4.86	-	38,643	-

Note 1: Subsequent collection is the amount collected as of March 9, 2022.

Note 2: The amount comprises accounts receivable, commission receivable, endorsements/guarantees receivable, patent royalties receivable, royalties receivable for trademark and other receivables and thus, the turnover rate is not calculated.

Note 3: The amount comprises accounts receivable and other receivables and thus, the turnover rate is not calculated.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 5,205,976	Collect within 120 days after shipment of goods	5.13%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,328,328	Collect within 120 days after shipment of goods	0.89%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	1	Sales	552,846	Collect within 90 days after shipment of goods	0.54%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	3,688,796	The term is 30 days after monthly billing.	3.63%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	410,080	The term is 30 days after monthly billing.	0.27%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	1,142,319	Collect within 60-90 days after shipment of goods	1.13%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	348,011	Collect within 60-90 days after shipment of goods	0.23%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,510,223	Collect within 60-90 days after shipment of goods	1.49%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	3	Sales	373,909	Collect within 60-90 days after shipment of goods	0.37%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	217,085	Collect within 60-90 days after shipment of goods	0.21%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	2,641,152	Pay interest quarterly	1.76%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,346,640	Pay interest quarterly	0.90%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	3	Other receivables	412,680	Pay interest quarterly	0.28%
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	521,280	Pay interest quarterly	0.35%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	1,747,540	Collect within 60-90 days after shipment of goods	1.72%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	337,040	Collect within 60-90 days after shipment of goods	0.23%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	423,541	Payment at sight after due date	0.28%
5	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	382,881	Collect within 60-90 days after shipment of goods	0.38%
5	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Sales	246,238	Collect within 60-90 days after shipment of goods	0.24%
6	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivables	434,400	Pay interest quarterly	0.29%

CHENG SHIN RUBBER IND. CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2021

Table 6

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	3	Sales	\$ 236,276	Collect within 60~90 days after shipment of goods	0.23%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	1,172,316	Collect within 60~90 days after shipment of goods	1.15%
7	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	279,542	Collect within 60~90 days after shipment of goods	0.19%
8	MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	2	Sales	334,931	Collect within 30~60 days after shipment of goods	0.33%
8	MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	3	Sales	855,433	Collect within 120 days after shipment of goods	0.84%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts account for at least NT\$200 million.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	\$					
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	\$ 42,473,721	100.00	\$ 1,365,520	\$ 1,369,788	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	27,697,590	100.00	1,874,660	1,868,286	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	9,287,333	100.00	1,443,654	1,416,491	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	2,321,753	100.00	(92,588)	(92,558)	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Canada	Import and export of tires	32,950	32,950	1,000,000	647,155	100.00	(28,268)	(28,268)	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	180,417	50.00	38,801	19,401	Note 2	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Tech Center Europe B.V.	Netherlands	Technical centre	41,260	41,260	1,000,000	76,451	100.00	6,500	6,500	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	4,233,389	4,233,389	139,994,750	135,796	100.00	(534,571)	(535,236)	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,027,544	4,027,544	874,992,906	-	100.00	(911,536)	(911,536)	Subsidiary Note 3, Note 5	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	543,185	100.00	335,772	335,772	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS TRADING INDONESIA	Indonesia	Large-amount trading of vehicles parts and accessories	30,235	30,235	9,990	42,593	100.00	11,824	11,824	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	17,700	17,700	500,000	2,606	100.00	(3,645)	(3,645)	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	11,302	100.00	299	299	Subsidiary Note 3	
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	593	593	-	689	20.00	1,551	310	Note 3, Note 4	

CHENG SHIN RUBBER IND. CO., LTD.
Information on investees
Year ended December 31, 2021

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020		Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2021	Investment income(loss) recognised by the Company for the year ended December 31, 2021 (Note 1)	Footnote
				Balance as at December 31, 2021	Balance as at December 31, 2020	Number of shares	2021 (Note 1)					
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	-	-	226,801,983	34,619,064	100.00	1,763,430	1,763,430	1,763,430	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	27,525,203	100.00	1,878,903	1,878,903	1,878,903	Sub-subsidiary Note 3
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	9,596,955	100.00	1,443,846	1,443,846	1,443,846	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	7,017,499	100.00	626,259	626,259	608,729	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	2,576,774	100.00	817,745	817,745	808,113	Sub-subsidiary Note 3
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	2,214	2,278	-	2,756	80.00	1,551	1,551	1,241	Note 3, Note 4

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 2: Investee companies are accounted for under the equity method.

Note 3: The transactions were eliminated when preparing the consolidated financial statements.

Note 4: The Company comprehensive holds 100% of share ownership in the investee, of which 20% is directly held and 80% is indirectly held through CHENG SHIN RUBBER USA, INC.

Note 5: The Company continuously provides financial support the investee accounted for using the equity method, and transferred the credit balance to 'other non-current liabilities'.
The transaction was eliminated when preparing the consolidated statements.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2021

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021, (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Expressed in thousands of NTD (Except as otherwise indicated)
												Footnote
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 4,844,000	2	\$ 910,834	\$ -	\$ 910,834	\$ 987,372	100.00	\$ 991,973	\$ 24,258,973	\$ 19,447,406	(Note 3、5、7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	6,228,000	2	2,385,506	-	2,385,506	1,731,427	100.00	1,742,185	25,503,316	23,027,258	(Note、4、7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD	Plastic machinery, molds and its accessory products	235,280	2	68,602	-	68,602	12,943	50.00	6,471	302,086	478,714	(Note 7)
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	2,768,000	2	-	-	-	432,944	100.00	427,518	5,783,064	1,480,799	(Note 4、7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,720	2	-	-	-	5,253	100.00	5,253	47,772	-	(Note 7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	498,240	2	-	-	-	(50,206)	100.00	(50,206)	660,687	757,407	(Note 7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,598,400	2	-	-	-	(574,897)	100.00	(574,897)	11,999,418	4,245,663	(Note 3、7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 6)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021	Net income of investee as of December 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2021, (Note 2)	Book value of investments in Mainland China as of December 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2021	Footnote
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	\$ 1,245,600	2	\$ -	\$ -	\$ -	\$ 631,295	100.00	\$ 631,150	\$ 8,555,336	\$ 5,886,139	(Note 7)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	553,600	2	-	-	(96,856)	(96,856)	100.00	(96,856)	-	-	
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	152,040	2	-	-	(1,019)	(1,019)	95.00	(968)	97,887	-	(Note 7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	62,605	2	-	-	36,123	36,123	49.00	17,700	143,719	-	(Note 7)
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	A. Tires and tubes B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	4,126,800	2	-	-	966,902	966,902	100.00	966,913	7,365,297	790,653	(Note 5 - 7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,650,720	2	-	-	75,791	75,791	100.00	75,791	2,074,961	-	(Note 7)

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 3: The Company and Cheng Shin Rubber (Xiamen) Ind., Ltd. directly and indirectly holds 60% and 40% of the share ownership in Cheng Shin Petrel Tire (Xiamen) Co., Ltd., respectively.

Note 4: The Company and Cheng Shin Rubber (China) Co., Ltd. directly and indirectly holds 30% and 70% of share ownership in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., respectively.

Note 5: Cheng Shin Rubber (Xiamen) Ind., Ltd. and MAXXIS International (HK) Ltd. directly and indirectly holds 75% and 25% of share ownership in Cheng Shin Rubber (Zhangzhou) Ind Co., Ltd, respectively.

Note 6: Paid-in capital was converted at the exchange rate of NTD 27.68: USD 1 and NTD 4.344: RMB 1 prevailing on December 31, 2021.

Note 7: Investment income (loss) was recognised based on the financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

CHENG SHIN RUBBER IND. CO., LTD.

Ceiling on investments in Mainland China

Year ended December 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	\$ 3,401,872	\$ 18,625,872	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2021 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.

Note 2: According to 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area', the Company acquired the operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C. and thus, the investments amount in Mainland China is unlimited.

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

December 31, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Luo Jye Memory Co Ltd.	324,430,630	10.00

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were held by registered and the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 1

Item	Description			Amount
Cash on hand and petty cash				\$ 1,002
Bank deposits				
Check deposits				14,977
Demand deposits				2,083,887
Foreign currency deposits	USD	255,964 thousand	Exchange rate 27.68	7,122,208
	EUR	14,488 thousand	Exchange rate 31.32	
	JPY	1,203,000 thousand	Exchange rate 0.241	
	GBP	2,137 thousand	Exchange rate 37.30	
	RMB	10,299 thousand	Exchange rate 4.344	
				<u>\$ 9,222,074</u>

(Remainder of page intentionally left blank)

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 2

Name of Customer	Description	Amount	Remark
Maxxis International GMBH		\$ 103,609	
T&R Imports Trust		86,728	
Polaris Industries Inc.		66,789	
Giant Manufacturing Co. Ltd.		74,028	
TREK Components Group		51,810	
			None of the balances of each remaining accounts is greater than 5% of this account balance.
Others		<u>584,430</u>	
		967,394	
Less: Allowance for bad debts		<u>(11,718)</u>	
		<u>\$ 955,676</u>	

(Remainder of page intentionally left blank)

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 3

Item	Description	Amount		Remark
		Cost	Market price	
Raw materials		\$ 1,328,125	\$ 1,334,430	Note
Work in process		447,047	452,449	Note
Finished goods		<u>1,021,817</u>	<u>1,263,291</u>	Note
		2,796,989	<u>\$ 3,050,170</u>	
Less: Allowance for loss for obsolete and slow-moving inventories and market value decline		(<u>13,904</u>)		
		<u>\$ 2,783,085</u>		

Note: Inventories are measured at the lower of cost and net realisable value on an item-by-item basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(Remainder of page intentionally left blank)

CHENG SHIN RUBBER IND. CO., LTD.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Investee	As of January 1, 2021			Addition			Deductions			As of December 31, 2021			Market price or net in equity		Guarantee or pledge as collaterals
	No. of shares	Amount		No. of shares	Amount		No. of shares	Amount		No. of shares	Amount		Unit price	Total	
		\$			\$			\$			\$			\$	
MAXXIS International Co., Ltd.	35,050,000	42,371,102	-	1,060,340	957,721	Note 1	-	(\$ 957,721)	Note 1	35,050,000	\$ 42,473,721		\$ 1,212	\$ 42,473,721	None
CST Trading Ltd.	72,900,000	26,823,193	-	1,671,245	796,848	Note 1	-	(796,848)	Note 1	72,900,000	27,697,590		380	27,697,590	None
MAXXIS Trading Ltd.	237,811,720	10,627,664	-	923,494	2,263,825	Note 1	-	(2,263,825)	Note 1	237,811,720	9,287,333		39	9,287,333	None
PT MAXXIS International Indonesia Cheng Shin Rubber USA, Inc.	139,994,750	685,105	-	(549,309)	-	-	-	-	-	139,994,750	135,796		1	135,796	None
MAXXIS Rubber India Private Limited	1,800,000	2,495,535	-	(173,782)	-	-	-	-	-	1,800,000	2,321,753		1,290	2,321,753	None
PT.MAXXIS TRADING INDONESIA	874,992,906	(484,002)	-	(874,433)	-	-	-	-	-	874,992,906	(1,358,435)	Note 2	2)	(1,358,435)	None
Cheng Shin Rubber Canada, Inc.	9,990	32,572	-	10,021	-	-	-	-	-	9,990	42,593		4,264	42,593	None
NEW PACIFIC INDUSTRY COMPANY LIMITED	1,000,000	677,839	-	(30,684)	-	-	-	-	-	1,000,000	647,155		647	647,155	None
MAXXIS Tech Center Europe B.V.	5,000,000	172,981	-	19,401	(11,965)	Note 1	-	(11,965)	Note 1	5,000,000	180,417		36	180,417	None
Maxxis Europe B.V.	1,000,000	78,617	-	(2,166)	-	-	-	-	-	1,000,000	76,451		76	76,451	None
Maxxis (Taiwan) Trading Co., LTD.	500,000	3,917	-	(1,311)	-	-	-	-	-	500,000	2,606		5	2,606	None
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	10,000,000	421,097	-	335,797	(213,709)	Note 1	-	(213,709)	Note 1	10,000,000	543,185		54	543,185	None
MAXXIS RUBBER JAPAN CO., LTD.	-	408	-	281	-	-	-	-	-	-	689		-	689	None
	5,000	12,661	-	(1,359)	-	-	-	-	-	5,000	11,302		2,260	11,302	None
		<u>\$ 83,918,689</u>		<u>\$ 2,387,535</u>				<u>(\$ 4,244,068)</u>			<u>\$ 82,062,156</u>			<u>\$ 82,062,156</u>	

Note 1: The deduction amount is the amount of cash dividends distributed for the year ended December 31, 2021.

Note 2: Credit balance of long-term equity investments, shown as 'other non-current liabilities', is due to the Company continuously providing financial support to investee company accounted for using equity method.

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 5

Type of Borrowings	Description	Balance as at December 31, 2021	Contract Period	Interest Rate	Line of Credit	Pledges or collaterals	Remark
Bank Unsecured Borrowings	CHINA BILLS FINANCE CORPORATION	\$ 1,000,000	2021.12.03~2022.03.16	Note	\$ 1,000,000	None	
Bank Unsecured Borrowings	KGI BANK, LTD.	300,000	2021.12.03~2022.03.03	Note	800,000	None	
Bank Unsecured Borrowings	MEGA BILLS FINANCE CO., LTD.	1,500,000	2021.12.16~2022.03.16	Note	2,000,000	None	
		\$ 2,800,000					

Note: For the year ended December 31, 2021, interest rate of borrowing ranged between 0.38%~0.52%.

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 6

Creditor	Amount of borrowings	Contract period	Interest Rate	Pledges or collaterals	Remark
FIRST COMMERCIAL BANK CO., LTD.	\$ 3,700,000	2020.09.11~ 2025.09.11	Note	None	
HUA NAN COMMERCIAL BANK LTD.	1,700,000	2019.07.15~ 2022.07.15	Note	None	
CHANG HWA COMMERCIAL BANK, LTD.	300,000	2020.04.23~ 2023.04.23	Note	None	
HSBC BANK (TAIWAN) LIMITED	400,000	2021.12.21~ 2023.12.21	Note	None	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,000,000	2020.07.20~ 2023.05.05	Note	None	
BANK OF TAIWAN	1,000,000	2021.11.23~ 2024.11.23	Note	None	
MIZUHO BANK, LTD.	1,300,000	2021.03.23~ 2023.06.16	Note	None	
	<u>9,400,000</u>				
Less: maturity at one year	(1,700,000)				
	<u>\$ 7,700,000</u>				

Note: For the year ended December 31, 2021, interest rate of borrowing ranged between 0.70%~0.81%.

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF SALES REVENUE, NET
YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 7

Item	Quantity (in thousands of tires)	Amount	Remark
Radial cover tires for passenger cars	5,954	\$ 8,274,105	
Cover tires for motorcycles	6,083	4,546,191	
Cover tires for automobiles	2,531	2,112,573	
Cover tires for bicycles	9,953	3,385,389	
Radial ply truck tyres	205	1,218,563	
Cover tires for industrial use	780	460,322	
Tubes for bicycles	6,355	332,194	
Others	-	397,864	None of the balances of each remaining accounts is greater than NT\$100 million.
		20,727,201	
Less: Sales returns and discounts		(19,218)	
		<u>\$ 20,707,983</u>	

(Remainder of page intentionally left blank)

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF COST OF GOODS SOLD
YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 8

Item	Amount
Direct material	
Opening balance of materials	\$ 779,742
Add: Purchases in the period	8,869,118
Gain on physical inventory for raw materials	38
Less: Materials sold	(87,206)
Transfer to expenses	(187,787)
Scrapping of raw material	(803)
Ending balance of raw materials	(1,152,603)
Materials used during the period	8,220,499
Direct labour	1,458,262
Manufacturing overhead	5,336,443
Manufacturing costs	15,015,204
Add: Opening balance of work in process	725,376
Work in process purchased	462,170
Gain on physical inventory for work in process	1,468
Amortisation of difference	6,723
Less: Work in process sold	(32,982)
Transferred to expenses	(424,285)
Scrapping of inventory	(880)
Ending balance of work in progress	(447,047)
Cost of finished goods	15,305,747
Add: Opening balance of finished goods	598,073
Finished goods purchased	520,618
Gain on physical inventory for finished goods	1,513
Amortisation of difference	6,527
Less: Transferred to expenses	(308,698)
Scrapping of finished goods	(1,297)
Ending balance of finished goods	(1,021,817)
Cost of manufacturing and sales of goods for the period	15,100,666
Cost of materials sold	87,206
Cost of work in process sold	32,982
Cost of production and sales of goods	15,220,854
Add: Scrapping of inventory	2,980
Less: Revenue from sale of scraps	(30,477)
Gain on physical inventory	(3,019)
Total cost of sales	\$ 15,190,338

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 9

Item	Description	Amount	Note
Wages and salaries		\$ 1,473,247	
Depreciation		1,402,688	
Utilities expense		572,163	
Repairs and maintenance expense		307,527	
Other expenses		<u>1,580,818</u>	None of the balances of each remaining accounts is greater than 5% of this account balance.
		<u>\$ 5,336,443</u>	

(Remainder of page intentionally left blank)

CHENG SHIN RUBBER IND. CO., LTD.
STATEMENT OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Table 10

Item	Description	Selling expenses	General and administrative expenses	Research expenses	Remark
Taxes		\$ 391,343	\$ -	\$ -	
Advertisement expense		229,696	-	-	
Wages and salaries		320,485	781,792	437,476	
Freight		85,737	-	-	
Import/export (customs) expense		141,394	-	-	
Repairs and maintenance expense		-	-	-	
Depreciation		-	-	71,089	
Insurance		-	53,430	41,699	
Commissioned research		-	-	164,019	
Other expenses		<u>358,379</u>	<u>221,019</u>	<u>80,872</u>	None of the balances of each remaining accounts is greater than 5% of this account balance.
		<u>\$ 1,527,034</u>	<u>\$ 1,056,241</u>	<u>\$ 795,155</u>	

(Remainder of page intentionally left blank)

VI. Facts regarding the Company and its affiliated enterprises that have suffered financial turnover difficulties in recent year up to the date of publication of the Annual Report: None.

Chapter 7. Review and Analysis of Financial Position and Operating Results and Risk Management

I. Comparative Analysis of Financial Position

Unit: NT\$ Thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	59,815,886	52,902,892	6,912,994	13.07
Real estate, property, plants, and equipment	81,500,318	89,547,273	(8,046,955)	-8.99
Intangible assets, net	222,669	181,768	40,901	22.50
Other assets	8,183,124	8,693,220	(510,096)	-5.87
Total assets	149,721,997	151,325,153	(1,603,156)	-1.06
Current liabilities	35,341,395	34,395,009	946,386	2.75
Non-current liabilities	32,903,234	35,954,863	(3,051,629)	-8.49
Total liabilities	68,244,629	70,349,872	(2,105,243)	-2.99
Share capital	32,414,155	32,414,155	0	0
Capital surplus	67,770	53,267	14,503	27.23
Retained earnings	56,024,682	54,580,969	1,443,713	2.65
Other equity interest	(7,588,138)	(6,611,296)	(976,842)	14.78
Treasury Stock	-	-	-	-
Non-controlling interest	558,899	538,186	20,713	3.85
Total equity	81,477,368	80,975,281	502,087	0.62

Analysis if variations exceed 20% and amount reaches NT\$10 million:

(1)Intangible assets: mainly due to the new increase in the acquisition of computer software in the current period compared with the same period of last year.

(2)Capital reserve: mainly due to the return of shareholders overdue and unpaid dividends in the current period and transferred to capital reserve.

II. Financial Performance Review and Analysis

(I) Financial performance analysis

Unit: NT\$ Thousand

Item \ Year	2021	2020	Amount of increase (decrease)	Ratio (%) of Change
Operating income	101,536,961	96,209,056	5,327,905	5.54
Operating costs	(79,149,642)	(72,220,406)	6,929,236	9.59
Gross operating profit	22,387,319	23,988,650	-1,601,331	-6.68
Operating Expenses	(14,733,508)	(15,391,925)	-658,417	-4.28
Operating Profit	7,653,811	8,596,725	-942,914	-10.97
Non-operating income and expenses	(497,810)	(440,019)	57,791	13.13
Profit before income tax	7,156,001	8,156,706	-1,000,705	-12.27
Income tax expense	(1,861,151)	(2,155,503)	-294,352	-13.66
Profit for the year	5,294,850	6,001,203	-706,353	-11.77
Other comprehensive income (loss) after tax	(917,567)	279,804	-1,197,371	-427.93
Total comprehensive income	4,377,283	6,281,007	-1,903,724	-30.31

Analysis if variations exceed 20% and amount reaches NT\$10 million:

(1) Analysis of changes in operating income: The sales revenue in this period increased by 5.54% compared with last year, mainly due to the severe epidemic situation abroad affecting sales last year. The current period has increased the selling price and the sales have gradually stabilized.

(2) Analysis of changes in operating gross profit: The main reason is that the cost of goods sold in the current period increased by 9.59% compared with last year due to the increase in the prices of raw materials in the current period.

(3) Decrease in other comprehensive gains and losses in the current period: mainly due to the increase in the loss of exchange differences due to the translation of the financial statements of foreign operating agencies.

(4) Decrease in total comprehensive profit and loss for the current period: mainly due to the increase in the loss of exchange difference due to the translation of financial statements of foreign operating agencies.

(II) Analysis of changes in operating gross profit: The change in operating gross profit decreased by 6.68% compared with last year, mainly due to the increase in the price of raw materials in the current period, resulting in an increase of 9.59% in the cost of goods sold in the current period compared with last year

(III) The company's revenue in 20110 increased by 5.54% compared with 2010, mainly due to the severe epidemic situation abroad affecting sales last year, the current period has increased the selling price and the sales have gradually stabilized.

Future coping plan: From 2020 to 2021, the world will be affected by the impact of the new crown pneumonia (Covid-19) epidemic. Countries have successively closed cities and restricted movement. Although they are in such a dangerous environment, we takes "keeping integrity and innovation" as its core value. , with "100% quality, 100% service, 100% trust" as the center of the culture, actively invest in research and development and innovation, adhere to the

strategic planning direction of producing high-quality tires, in order to respond to the gradual recovery of the global market demand, and then expand the market share.

III. Review and Analysis of Cash flow

(I) Liquidity analysis for the most recent two years

Item \ Year	2021	2020	Percentage of increase (decrease)
Cash Flow Ratio (%)	43.85	53.50	-18.04%
Cash Flow Adequacy Ratio (%)	94.21	92.73	1.60%
Cash Reinvestment Ratio (%)	4.86	6.44	-24.53%
Description of increase or decrease in ratios: (Analysis of change if fluctuation exceeds 20% or more):			
(1) Decrease in cash reinvestment ratio: mainly due to the decrease in net cash inflow from operating activities in the current period.			

(II) Cash flow analysis for the coming year

Cash balance amount at the beginning of the year (1)	Net cash provided by operating activities (2)	Projected annual cash outflow (3)	Projected cash balance (1)+(2)-(3)	Measures for managing cash deficit	
				Investment plan	Financing plan
\$25,927,827	\$11,956,978	\$11,026,6155	\$26,858,190	-	-
<p>1. Change in projected cash flow for the next year:</p> <p>Operating activities: It is mainly estimated that the Company's revenue will increase and the profit will be stable.</p> <p>Investing activities: The Company's machinery and equipment replacement and expansion of capacity.</p> <p>Financing activities: Primarily payment of cash dividends and repaying loans and corporate bonds.</p> <p>2. Measures for managing cash deficit and liquidity analysis: N/A.</p>					

IV. Impact of major capital expenditure on financial operations in recent years

(I) Status of major capital expenditure and source of funds Unit: NT\$ Thousand

Plan Item	Actual or projected source of funds	Actual or projected completion date	Total Amount Of capital needed	Actual or projected capital expenditure status	
				2021	2022
Add and update equipment	Bank loans and company fund	2021	\$4,376,579	\$4,376,579	-
Add and update equipment	Bank loans and company fund	2022	\$3,793,155	-	\$3,793,155

(II) Projected benefits:

1. Primarily a potential expansion of daily production capacity for tires
2. Analysis of other projected benefits: Continue to expand production capacity, upgrade equipment automation and increase market share in the global tire industry.

V. Reinvestment policy over the latest year and major reasons for profit or loss; plan for improvement and investment plan for the coming year:

- (I) The Company's reinvestment policy considers long-term investment as its priority, and various investment plans are prudently assessed based on the Company's long-term development plans. Subsidiaries with production functions are directly or indirectly 100% owned to strengthen roots in the local market. Subsidiaries with marketing functions are likewise directly invested or jointly incorporated with our strategic partners to strengthen local sales networks.
- (II) Investment plan for the next year: The Company's investments will be focused on its core businesses; besides improving the efficiency of existing production capacity and making full use of existing capacity, we will also invest in additional plant capacity and machinery equipment depending on business expansion.

VI. Risk Analysis and Evaluation:

- (I) Impact of interest rate and exchange rate fluctuation and inflation on the Company's profitability and future response measures:

1. Changes in interest rates

At the beginning of 2021, central banks across the globe have lowered their benchmark interest rates, expanded quantitative easing policies, and strove to stimulate the economies one by one due to the COVID-19 pandemic, and the U.S. Federal Reserve had even reduced its interest rate to nearly zero percent. However, as effects from the pandemic gradually eased in the second half of 2021, inflation began and the U.S. Consumer Price Index (CPI) rose. The severe inflation led the market to speculate that the Federal Reserve would lift its interest rate in 2022, thereby affecting the central banks in other countries.

The Company stays on its toes and keeps close attention to the policies of central banks and the market conditions, and may adjust its debt position and take hedging measures when necessary.

2. Changes in exchange rates

The market expects that the U.S. Federal Reserve would raise its benchmark interest rate in 2022, and the monetary tightening and strong USD would affect the currencies in emerging markets. As a group operating internationally, the financial reports of

our overseas subsidiaries are denominated in local currencies. As a result, the group is exposed to exchange rate risks arising from various types of currencies. The group consistently monitors exchange rate fluctuations. Any shifts in political or economic environments in the invested countries may result in the fluctuation in the exchange rate between the reference currency of those subsidiaries and the New Taiwan Dollar.

The Group's sales and purchases are mainly denominated in RMB, USD, NTD, and THB, which has offset the risk of exchange rate fluctuations due to their similar proportions. The exchange rate risks arising from overseas investment mainly come from RMB, USD, THB, VND, INR, and IDR. The Company continuously monitors foreign exchange market trends, records and adjusts the currency as appropriate based on capital conditions to minimize the exchange rate losses or reduce the risks to a tolerable level.

3. Inflation

In light of the uncertainty in global economic forecast, the Company is not in a position to predict for inflation or contraction. Since the tire products of the Company are consumer products whose raw material prices and market demands are moderately or highly volatile to inflation or contraction, the global economic environment will have an impact on the Company's sales. Nonetheless, no material adverse impact is expected for the overall operation.

(II) Policies and Future Action Plans for High-risk, High-Leveraged Investments, Fund Lending to Third Parties, Endorsements and Guarantees, Transactions in Financial Derivatives, Main Reasons for Profit (Loss):

The Group has adopted a work procedure for "Endorsements, Guarantees and Capital Loans to Third Parties" as well as "Procedure for Asset Acquisition and Disposal", pursuant to which relevant transactions are handled. The Group is not engaged in any high-risk or highly leveraged investment. All derivative transactions are for hedging purposes to mitigate the risks of exchange rate and interest rate fluctuation.

(III) Budget for future R&D plan and projected investment in R&D:

1. R&D plans

No	Recent R&D plans	Projected date for completion and commercial production
1	Development of PCR Low Rolling Resistance Technology	2023Q2
2	Development of PCR Optimization Sound Frequency Distribution and Impact Noise Reduction Technology	2022Q4
3	Development of BC New Double Down Structure	2022Q4
4	BC Tire Product Development Uses FEA Analysis	2022Q4
5	Drain out Mud Test Uses FEA Analysis	2022Q4
6	ATV J-Turn FEA Simulation and Vehicles Testing	2022Q4
7	Rolling Resistance, Water and Splash and Wear Simulation Technology Applied to The Development of MC Tire Products	2022Q4
8	Shared Green Tire of Design for The Same Specification	2022Q4

2. Expected research and development expenses

The R&D investment in 2021 is projected to be about 4-5% of the annual revenue to maintain the Company's R&D competitiveness

3. Intellectual property (IP) information disclosure

(1) Intellectual property management and system strategies: We have viewed research and development as the basis of our technology since the establishment of the Company. Technology is a type of intangible property and the Company highly values the idea that the intellectual property right of technology should be protected. To strengthen the Company's R&D ability, we have been promoting short-term, medium-term, and long-term strategic planning since 2015. We focus on improving the patent quality and invest in technological development to make sure the quality and quantity of the Company's patents are both upgraded. Under the protection of the intellectual property rights, the value of our technology and patents could be created and the ultimate goal would be gaining profit by the commodification of the patents.

In August, 2020, the company integrated the control of "patents", "trademarks" and "business secrets" by the intellectual property group to realize systematic management of the group's intellectual property; In the future, besides patents, trademarks and business secrets can make the company's internal intellectual property management strategy more perfect.

(2) Intellectual property management system: Patent management procedures have been formulated to ensure patent executions and the quality of such executions. The aforesaid management procedures also include "proposal incentives measures" to encourage either R&D or non-R&D personnel from the Group to

actively propose patents. In addition, the Company also enhances the usage department's awareness for the importance of intangible assets through strengthening confidential information controls and awareness of trade secrets training. The IP department has deployed a digitized "Intellectual Property Platform" so that employees could effectively seize the latest intellectual property rights status of existing market competitors, and obtain public information on patents from different countries.

In order to improve the management of intellectual property rights and adjust the organization, the patent management system will be implemented and formulated with the goal of integrating trademark rights and business secrets into the "measures for the management of intellectual property rights". After the completion, the management of intellectual property rights will be more comprehensively protected in the Company.

(3) Potential intellectual property risks and countermeasures: The Company's products are sold to more than 180 countries globally. Therefore, it is quite difficult to investigate the violations. The preventive measures are as follows:

A. Preventing IP violations by other companies: The intellectual property department monitors the current status of other companies' patents at all times. The business department is also keeping an eye on other companies' products. If there is any similarity that raises concerns or potential violation to the Company's patents, they will report to the intellectual property department so that the investigation will be conducted to confirm whether any violation exists.

B. Preventing IP violations by the Company: Before the release of the Company's product, an R&D engineer is required to perform a global patent search featuring this product to confirm it does not violate any existing patent. Then, the R&D engineer is required to submit a patent application in accordance with the Invention & Utility Model Patent Management Policy and the Design Patent Management Policy to ensure that all of the Company's products on the market are protected with patent rights and do not violate other companies' patents.

After following the two preventive measures above, the authorization from the Company's management team must first be obtained before displaying the relevant patent information on the advertisements to publicize the Company's intellectual property rights and releasing any product advertisement material or new technology..

C. The trademark right will be registered in the required region after the integration of the company's products. The trademark right shall be applied

for registration after the global name verification and risk assessment before the products are sold, so as to ensure that the products can be sold all over the world.

D. The scope of business secret control begins with taking inventories of existing IP, then the scope of such protection is formulated through “confidentiality”, “economic value”, and "reasonable protective measures”, so as to ensure that the Company's internal information security and document related information will not be leaked. The Company also strives to enhance the education of business secrets to employees and to teaching them the importance of business secrets.

4. Intellectual property list/result (the Company's total patent cases as of December 31, 2021)

Number of patents		
	Parent company	Subsidiary
Invention	16	118
Utility	5	332
Design	264	919
Total	1,654	

Number of trademarks		
	Parent company	Subsidiary
Domestic	170	0
Overseas	681	1,179
Total	2,030	

5. The Company’s intellectual property management plan and execution details above were reported to the Board on March 16, 2022.

(IV) Impact of changes in domestic and foreign policy and laws on the Company's financial operations and response measures:

The Company's management is always monitoring any public policy and law that might have an impact on the Company's business and operations. The change in key domestic and international policy and law this year did not have any major impact on the Company's financial operations. In the future, the Company will keep itself timely updated on relevant information and develop timely and necessary responses to meet the Company's operational needs.

(V) Impact of technological changes (including information and security risks) and industry changes on the Company’s financial operations and response measures:

1. Over the latest year and as of the date of the Annual Report, there is no change in technology and industry environment that has an impact on the Company's financial operations.
2. The Company formulate information security policy in the spirit of information security management system (ISO27001), specify the implementation of various

security measures and strengthen the audit management. Strengthen information security management to ensure the availability, integrity, and confidentiality of information systems, and protect them from internal and external deliberate or accidental threats

(VI) Impact of changes to the corporate image on corporate crisis management and response measures:

The Company has a good corporate image. There is no major change that would have an impact on the Company's crisis management over the latest year and as at the date of the Annual Report.

(VII) Projected benefits and potential risks associated with mergers and acquisitions activities: None.

(VIII) Projected benefits and potential risks associated with facility expansion: None.

(IX) Risks associated with concentration of supply and sales concentration: None.

(X) Impact of transfer of significant number of shares by directors, supervisors, and/or major shareholders holding 10% or more of the total outstanding shares, risks associated and response measures: None.

(XI) Impact of change in ownership, risks associated and response measures: None.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the Annual Report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other significant risks:

Based on the materiality principle of ESG, the Company conducts the relevant risk evaluation of the important issues and stipulates the relevant risk management policies and measures according to the evaluated risks as follows:

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
Corporate governance and operation management	Financial Risk	Exchange Rate Risk	<ul style="list-style-type: none"> ◆ The market expects that the U.S. Federal Reserve would raise its benchmark interest rate in 2022, and the monetary tightening and strong USD would affect the currencies in emerging markets. As a group operating internationally, the financial reports of our overseas subsidiaries are denominated in local currencies. As a result, the group is exposed to exchange rate risks arising from various types of currencies. The group consistently monitors exchange rate fluctuations. Any shifts in political or economic environments in the invested countries may result in the fluctuation in the exchange rate between the reference currency of those subsidiaries and the New Taiwan Dollar. ◆ The Group's sales and purchases are mainly denominated in RMB, USD, NTD, and THB, which has offset the risk of exchange rate fluctuations due to their similar proportions. The exchange rate risks arising from overseas investment mainly come from RMB, USD, THB, VND, INR, and IDR. The Company continuously monitors foreign exchange market trends, records and adjusts the currency as appropriate based on capital conditions to minimize the exchange rate losses or reduce the risks to a tolerable level. 	Finance Department
		Interest rate risk	<ul style="list-style-type: none"> ◆ At the beginning of 2021, central banks across the globe have lowered their benchmark interest rates, expanded quantitative easing policies, and strove to stimulate the economies one by one due to the COVID-19 pandemic, and the U.S. Federal Reserve had even reduced its interest rate to nearly zero percent. However, as effects from the pandemic gradually eased in the second half of 2021, inflation began and the U.S. Consumer Price Index (CPI) rose. The severe inflation led the market to speculate that the Federal Reserve would lift its interest rate in 2022, thereby affecting the central banks in other countries. ◆ The Company stays on its toes and keeps close attention to the policies of central banks and the market conditions, and may adjust its debt position and take hedging measures when necessary. 	Finance Department
	Inflation	In light of the uncertainty in global economic forecast, the Company is not in a position to predict	Finance Department	

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
			for inflation or contraction. Since the tire products of the Company are consumer products whose raw material prices and market demands are moderately or highly volatile to inflation or contraction, the global economic environment will have an impact on the Company's sales. Nonetheless, no material adverse impact is expected for the overall operation.	
	Continuous Operational Risk	Raw Material Price and Raw Material Supply Risk	<ul style="list-style-type: none"> ◆ Raw material price alert: Cheng Shin has designated dedicated personnel to observe the international raw material trading prices to timely monitor the raw material market prices online and keying in all the information into the system and inform the Company's senior management of the unusual information so as to closely oversee and seize the market trends 	General Manager Office
		Product R&D Management	<ul style="list-style-type: none"> ◆ Regularly review the generation planning and regulations of market products. ◆ Integrate the market and products to research and develop new products, which can meet the customer requirements for performance and quality and conform to regulations. 	R&D Department
		Transportation Risk	<ul style="list-style-type: none"> ◆ Cooperate with several large manufacturers for inland and marine transportation, and establish a deep relationship with them through long-term cooperation, so as to avoid the export obstacles caused by the increase of current market demand and fill the temporary shortage gap. ◆ Stabilizing the transportation prices: Inland transportation and manufacturers set rolling mechanism of oil price and adopt reasonable long-term freight price; In order to stabilize the transportation cost under the current situation of the sharp rise of market price, the freight rate contract is signed by sea transportation. 	Corporate Planning Division
		COVID-19 pandemic	<ul style="list-style-type: none"> ◆ Regarding the impact of COVID-19 pandemic, the Company formulates response measures and carries out relevant pandemic prevention measures in accordance with the "Guidelines for Continuous Operation of Enterprises in Response to the Severe Special Infectious Pneumonia (COVID-19) Pandemic" issued by the Ministry of Health and Welfare, including, to form a pandemic prevention team in the factory for publicity and management, effectively control the personnel access of the Group's domestic and foreign factories and separate operation, and ensure the sustainable operation of the Company. 	Safety and Health Department
		Energy Supply	<ul style="list-style-type: none"> ◆ Implement the management of energy equipment, regular inspection of the first, second and third level equipment and predictive detection of thermal imager, 	Construction Department

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
			develop energy management methods, improve energy efficiency, and set annual energy-saving targets of the factory. Reduce the risk of energy supply through improvement.	
	Intellectual property management	Intellectual Property Right Risk	<p>◆ The Company's products are sold to more than 180 countries globally. The preventive measures are as follows:</p> <p>A. Preventing IP violations by other companies: The intellectual property department monitors the current status of other companies' patents at all times. The business department is also keeping an eye on other companies' products. If there is any similarity that raises concerns or potential violation to the Company's patents, they will report to the intellectual property department so that the investigation will be conducted to confirm whether any violation exists.</p> <p>B. Preventing IP violations by the Company: Before the release of the Company's product, an R&D engineer is required to perform a global patent search featuring this product to confirm it does not violate any existing patent. Then, the R&D engineer is required to submit a patent application in accordance with the Invention & Utility Model Patent Management Policy and the Design Patent Management Policy to ensure that all of the Company's products on the market are protected with patent rights and do not violate other companies' patents.</p> <p>After following the two preventive measures above, the authorization from the Company's management team must first be obtained before displaying the relevant patent information on the advertisements to publicize the Company's intellectual property rights and releasing any product advertisement material or new technology.</p> <p>The trademark right will be registered in the required region after the integration of the company's products. The trademark right shall be applied for registration after the global name verification and risk assessment before the products are sold, so as to ensure that the products can be sold all over the world.</p> <p>The scope of business secret control begins with taking inventories of existing IP, then the scope of such protection is formulated through "confidentiality", "economic value", and "reasonable protective measures", so as to</p>	General Manager Office

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
			ensure that the Company's internal information security and document related information will not be leaked. The Company also strives to enhance the education of business secrets to employees and to teaching them the importance of business secrets.	
	Digital and Information Security Risk	Confidential Information Protection	<ul style="list-style-type: none"> ◆ Formulate information security policy in the spirit of information security management system (ISO27001), specify the implementation of various security measures and strengthen the audit management. Strengthen information security management to ensure the availability, integrity, and confidentiality of information systems, and protect them from internal and external deliberate or accidental threats 	Information Department
Workplace safety and health	Safety risk management	Material Disaster	<ul style="list-style-type: none"> ◆ Formulate “disaster and incident management rules” for the plants: Specify emergency response measures, emergency contact system, and the disaster countermeasures. ◆ Formulate “comprehensive contingency measures”: In China we have stipulated the Comprehensive Contingency Measures for accidents such as fire explosion, poisoning, machinery harm, vehicle harm, dust explosion, electric shock, and suffocation, detailing the emergency team organization and the major responsibilities of each team, and emergency handling procedures to conform to the National Security Manufacturing Act, the Safety and Health Regulations for Manufacturing Procedures, and the Manufacturing Safety Accident Countermeasure Guidelines for the Manufacturing Department. 	Safety and Health Department
	Environment Risk	Environment Control Ability	<ul style="list-style-type: none"> ◆ Implement environmental management system (ISO14001) with the annual external and internal audits, formulate environmental policies, set objectives, implement, audit and review to achieve continuous improvement in environmental performance. 	Safety and Health Department
		GHG Emissions	<ul style="list-style-type: none"> ◆ In response to the energy saving target of the Energy Bureau, energy consumption will be reduced by 2% every year. The energy saving target of next year and the implementation performance of this year will be listed in detail in the plant, so as to facilitate the discussion on the benefits of energy saving measures every year. ◆ In response to the Greenhouse Gas Reduction and Management Act promoted by the government, we actively carried out the greenhouse gas emission reduction strategy, including fully replacing the heavy fuel oil in the plant with natural gas to effectively 	Safety and Health Department

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
			<p>significantly reduce its emissions, and completed the registration certification every year through external verification.</p> <p>Engage in the voluntary GHG reductions program from Industrial Development Bureau, MOEA, and submit reduction measure plan and results on an annual basis.</p>	
		Environmental Management	<ul style="list-style-type: none"> ◆ The Company has obtained the ISO14001 environmental management system certification, from the daily management implementation, to continue to maintain the validity of the certificate, and ensure the air, water, waste, and other environmental pollution management. ◆ Cooperate with the Environmental Protection Bureau to carry out the integration of multiple environmental protection permits into one license. We actively accept the guidance to integrate the certificates, to promote the subsequent regulations and norms. ◆ Each unit implements the General Manager's policy to create a sustainable business environment and reduce waste. 	Safety and Health Department
Society	Human Resources Risk	Talent Capital	<ul style="list-style-type: none"> ◆ To accelerate the development of reserve executive talents, potential mid- and senior manager candidates are developed through systematic training. By shortening the training time of mid-tier and senior managers, we can implement a succession program in practice. ◆ Encourage employees and increase the number of available reserve executive talents by providing professional learning and development opportunities, while at the same time, we satisfy employees' learning needs and ensure that they understand key competencies and skills to implement our succession program. 	Human Resource Department
		HR management	<ul style="list-style-type: none"> ◆ Diversify the talent recruitment channels. ◆ Enhance employee care and promote employee's retention intention. ◆ Encourage employees to develop new skills and to obtain diverse professional qualifications and licenses in order to enhance the Company's overall capabilities and flexibility in management. 	Human Resource Department
	Occupational Safety Risk	Safety and health standard operation management	<ul style="list-style-type: none"> ◆ To ensure the safety and health level of the working environment, reduce the accident cost and reduce the damage, our company implements the ISO 45001 and CNS 45001 occupational safety and health management system to ensure the safety and health objectives and performance, consider the organizational risks and opportunities as well as the occupational safety and health risks of the identification group, and try to eliminate 	Safety and Health Department

ESG	Risk Type	Potential Risk	Management Strategies and Practices	Management Unit
			the hazards or risks or control them to reduce their impact	
	Legal Compliance	Regulation Justice	<ul style="list-style-type: none"> ◆ In view of the amended laws and regulations announced by the government, we will summarize the latest announcements in the current month, and the responsible unit will judge the compliance of the announcements, so as to ensure that the responsible unit follows up the implementation in accordance with the regulations, and amend the relevant regulations in the factory. ◆ Participate actively in the response teams set up by the government to keep abreast of relevant information on draft regulations and related changes if there are regulations on other environmental issues, such as greenhouse gases. 	General Manager Office Safety and Health Department

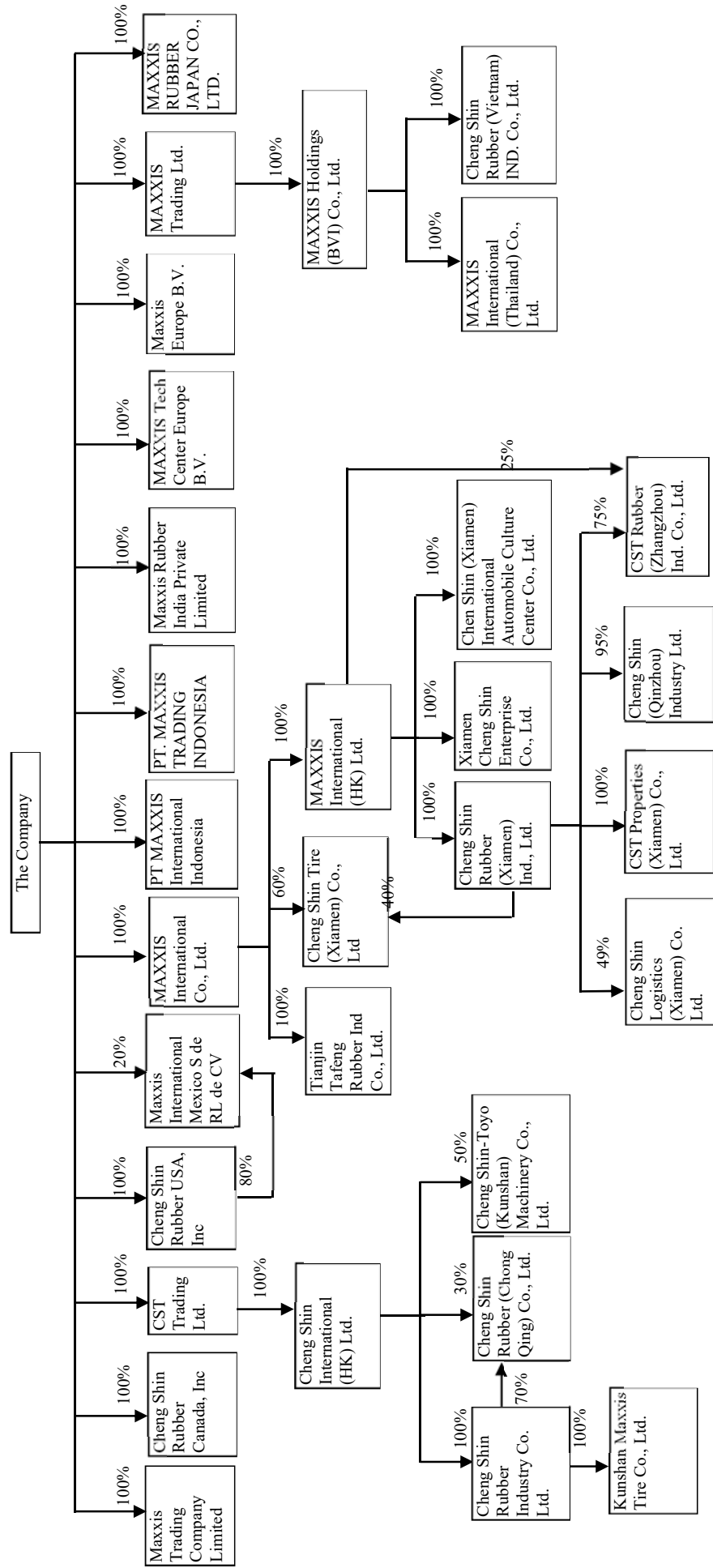
VII. Other Important Issues: None.

Chapter 8. Other Specially Recorded Issues

I. Related Information on Affiliates

(I) Consolidated Operating Report for Affiliated Enterprises

1. Organizational Chart of Affiliates



2. Basic information of each affiliated enterprises

Enterprise name	Date established	Address	Paid-in capital (note)	Major business or items produced
Cheng Shin Rubber (Xiamen) Ind., Ltd.	1989.05.26	No. 15, Xinglin Xibin Rd., Jimei District, Xiamen City	US\$ 175,000,000	Production and sales of various types of automobile tires
Cheng Shin Rubber USA, Inc	1990.05.11	545 OLD PEACHTREE ROAD, SUWANEE, GA30024 USA	US\$ 18,000,000	Import-export trade in tires
Cheng Shin Logistics (Xiamen) Co. Ltd.	1993.03.25	No. 11, Xinshun Rd., Haicang District, Xiamen	RMB\$14,411,765	International packaging and shipping business
CST Trading Ltd.	1993.05.19	P.O. BOX 116 ROAD TOWN TORTOLA BRITISH VIRGIN ISLANDS	US\$ 72,900,000	A holding company
Cheng Shin Rubber Industry Co. Ltd.	1993.07.27	No. 8, Hefeng Rd., Lujia Township, Kunshan City	US\$ 225,000,000	Production and sales of various types of automobile tires
Tianjin Tafeng Rubber Ind Co., Ltd.	1994.08.15	No. 1, Shuanghai Ave, Beichen Economic and Technology R&D Zone, Tianjin	US\$ 18,000,000	Warehousing logistics and sales service center
Cheng Shin-Toyo (Kunshan) Machinery Co., Ltd.	1996.03.20	Chaoyang East Rd., Kunshan R&D Zone, Jiangsu Province	US\$ 8,500,000	Produces and sells tire molds for cars and trucks
MAXXIS International Co., Ltd.	1997.01.30	P.O. BOX 31106 SMB, GRAND CAYMAN, CAYMAN ISLAND, BRITISH WEST INDIES.	US\$ 35,050,000	A holding company
Cheng Shin (Qinzhou) Industry Ltd.	1998.09.23	No. 26, Jiangang Rd., Legou Business District, Qinzhou Economic Development Zone, Guangxi	RMB\$45,000,000	Distribution of rubber and tire parts
Cheng Shin Rubber Canada, Inc	1999.01.31	400 CHRYSLER DRIVE, UNIT C BRAMPTON, ONTARIO, L6S 5Z5 CANADA	CAD\$ 1,518,700	Import-export trade in tires
Cheng Shin Tire (Xiamen) Co., Ltd	2001.12.28	No. 15, Xiyuan Rd., Haicang District, Xiamen	US\$ 130,000,000	Production and sales of various types of automobile tires

Enterprise name	Date established	Address	Paid-in capital (note)	Major business or items produced
MAXXIS Trading Ltd.	2002.08.26	P.O. BOX 957, OFFSHORE INCORPORATION CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	US\$237,811,720	A holding company
MAXXIS Holdings (BVI) Co., Ltd.	2002.08.27	P.O. BOX 957, OFFSHORE INCORPORATION CENTRE, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS	US\$237,811,720	A holding company
MAXXIS International (Thailand) Co., Ltd.	2002.11.05	300/1 MOO 1, TAMBOL TASITH, AMPHUR PLUAKDAENG, RAYONG PROVINCE 21140, THAILAND	THB\$6,500,000,000	Production and sales of various types of automobile tires
Xiamen Cheng Shin Enterprise Co., Ltd.	2004.01.11	No. 15, Xinshun Rd., Haicang District, Xiamen	US\$ 45,000,000	Production and sales of various types of automobile tires
MAXXIS Tech Center Europe B.V.	2005.04.01	Neutronenlaan7,5405NG Uden, The Netherlands	EUR\$ 1,000,000	Tire testing
CST Rubber (Zhangzhou) Ind. Co., Ltd.	2010.03.22	No. 15, Qingshi Road, Gangwei Township, Longhai City	RMB\$950,000,000	Production and sales of various types of automobile tires
Cheng Shin Rubber (Vietnam) IND. Co., Ltd.	2005.12.08	C'ty TNHH Cong Nghiep Cao Su Chinh Tan Vietnam Nhon Trach 3 Industrial Zone, Nhon Trach county, Dong Nai Province, Vietnam.	US\$62,000,000	Production and sales of various types of automobile tires
MAXXIS International (HK) Ltd.	2007.12.20	Suite C, 21/F, Lee & Man Commerical Center, 169 Electric Road, North Point, Hong Kong	US\$226,801,983	A holding company
Cheng Shin International (HK) Ltd.	2007.12.20	Suite C, 21/F, Lee & Man Commerical Center, 169 Electric Road, North Point, Hong Kong	US\$246,767,840	A holding company
Chen Shin (Xiamen) International Automobile Culture Center Co., Ltd.	2009.07.17	Room 101, No. 58, Shuilishe, Kengnei Vil., Guankou Township, Jimei District, Xiamen	US\$20,000,000	Automobile assembly and product R&D, testing and related product display
Cheng Shin Rubber (Chong Qing) Co., Ltd.	2010.05.17	No. 27, Jixin Ave., Changshou Economic and Technology Development Zone, Chongqing City	US\$100,000,000	Production and sales of various types of automobile tires
CST Properties (Xiamen) Co., Ltd.	2013.08.21	Room 201, No. 16 Office Building, 15 Xibin Rd., Jimei District, Xiamen	RMB\$380,000,000	Employee dormitory construction and sales

Enterprise name	Date established	Address	Paid-in capital (note)	Major business or items produced
PT MAXXIS International Indonesia	2014.08.27	Greenland International Industrial Center (GIIC) Blok CG No.01, Kota Deltamas Desa Pasir Ranji, Kec. Cikarang Pusat, Bekasi, Jawa Barat,17530	US\$140,000,000	Production and sales of various types of automobile tires
Maxxis Rubber India Private Limited	2015.03.26	SM 12 + SM 51/2, Sanand-II Industrial Estate, Ahmedabad, Gujarat – 382110, India	INR\$8,750,000,000	Production and sales of various types of automobile tires
Kunshan Maxxis Tire Co., Ltd.	2015.09.28	No. 8, Hefeng Rd., Lujia Township, Kunshan City	RMB\$5,000,000	Rubber tire parts distribution and delivery
Maxxis Trading Company Limited	2016.01.13	No. 180, Juguang Rd., Sanyi Vil., Yuanlin City, Changhua County	NTD\$100,000,000	Sales of various automobile tires, rubber products, and accessories
PT. MAXXIS TRADING INDONESIA	2017.05.10	Greenland International Industrial Center (GIIC) Blok CG No.01, Kota Deltamas Desa Pasir Ranji, Kec. Cikarang Pusat, Bekasi, Jawa Barat,17530	US\$1,000,000	Auto parts trading
Maxxis Europe B.V.	2018.05.24	Neutronenlaan7,5405NG Uden, The Netherlands	EUR\$500,000	Import-export trade in tires
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	2019.03.15	AV. JAVIER BARROS SIERRA 495 P1 4, SANTA FE CENTRO CIUDAD, ALVARO OBREGON, CIUDAD DE MEXICO, C.P. 10376	US\$100,000	Import-export trade in tires
MAXXIS RUBBER JAPAN CO., LTD.	2020.02.21	International Silk Trade and Tourism Center 323, 1 Yamashitacho, Naka Ward, Yokohama, Kanagawa 231-0023 Japan	JPY50,000,000	Import-export trade in tires

Note: Exchange rate on the reporting date of each affiliate is calculated based on the exchange rate at the end of a fiscal year.

(US\$1:NT\$27.68;EUR\$1:NT\$31.32;CAD\$1:NT\$21.62;RMB\$1:NT\$4.344;THB\$1:NT\$0.8347;VND\$1:NT\$0.0012;IDR\$1:NT\$0.00198;

INR\$1:NT\$0.3721;JPY\$1:NT\$0.2405;MXN\$1:NT\$1.35307).

3. Information on shareholders of controlling and subordinate companies: There are no presumed subordinate.
4. Industries covered by the business of the overall relationship enterprise
 - (1) Businesses engaged by the Company and its affiliates include
Tires, general trading and investment, international trade, machinery, R&D and testing of automotive accessories, testing and exhibition of related products, human resource dispatch, etc.
 - (2) The division of labor between the company and its related enterprises is as follows:

Division Matters	Affiliates
Manufacturing and marketing of tire products	The Company, Cheng Shin Rubber (Xiamen) Ind. Ltd., Cheng Shin Rubber (China) Co., Ltd., Tianjin Tafeng Rubber Ind., Co., Ltd., Cheng Shin Tire (Xiamen) Co., Ltd., XiaMen Cheng Shin Enterprise Co., Ltd., MAXXIS International (Thailand) Co., Ltd., Cheng Shin Rubber (Vietnam) IND. Co., Ltd., Cheng Sh+C5424in Rubber (Chong Qing) Co., Ltd., CST Rubber (Zhangzhou) Ind. Co., Ltd., PT MAXXIS International Indonesia, Maxxis Rubber India Private Limited
Marketing of Tire Products	Cheng Shin Rubber USA, Inc, Cheng Shin Rubber Canada, Inc, Kunshan Maxxis Tire Co., Ltd, Maxxis Trading Company Limited, PT. MAXXIS TRADING INDONESIA, Maxxis Europe B.V., MAXXIS RUBBER JAPAN Co., Ltd. and MAXXIS INTERNATIONAL MEXICO S. de R.L. de C. V.
Production of Molds and Equipment	Cheng Shin-Toyo (Kunshan) Machinery Co., Ltd.
Tire Testing Center	MAXXIS Tech Center Europe B.V.
R&D Centers	The Company, Cheng Shin Rubber (China) Co., Ltd., Cheng Shin Rubber USA, Inc., Cheng Shin Rubber (Xiamen) Ind. Ltd.
Automotive accessory development and testing, etc.	Chen Shin (Xiamen) International Automobile Culture Center Co., Ltd.
International packaging and shipping business	Cheng Shin Logistics (Xiamen) Co., Ltd., Cheng Shin (Qinzhou) Industry Ltd., Tianjin Tafeng Rubber Ind Co., Ltd.

5. Directors, Supervisors and General Managers of affiliated enterprises:

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
MAXXIS International Co., Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Hsiu-Hsiung	35,050,000	100%
CST Trading Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa	72,900,000	100%
Cheng Shin Rubber USA, Inc	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Lee, Hung-Wen	1,800,000	100%
Cheng Shin Rubber Canada, Inc	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Cheng, Ya-Wei	1,000,000	100%
MAXXIS Tech Center Europe B.V.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Lin, Chin-Chuan	1,000,000	100%
Cheng Shin Rubber (Xiamen) Ind., Ltd.	Director	MAXXIS International (HK) Ltd. Representative: Chen, Shiu-Hsiung, Chen, Yun-Hwa, Lo, Min-Ling	-	100%
	Supervisor	MAXXIS International (HK) Ltd. Representative: Hsu, Chih-Ming	-	
Tianjin Tafeng Rubber Ind Co., Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Shiu-Hsiung, Chen, Yun-Hwa, Lo, Min-Ling	-	100%
	Director	MAXXIS International (HK) Ltd. Representative: Chen, Shiu-Hsiung, Chen, Yun-Hwa, Lo, Min-Ling	-	
Xiamen Cheng Shin Enterprise Co., Ltd.	Director	MAXXIS International (HK) Ltd. Representative: Chen, Shiu-Hsiung, Chen, Yun-Hwa, Lo, Min-Ling	-	100%
	Supervisor	MAXXIS International (HK) Ltd. Representative: Chen, Han-Hsin	-	
Cheng Shin Tire (Xiamen) Co., Ltd	Director	MAXXIS International Co., Ltd. Representative: Chen, Shiu-Hsiung and Lo, Min-Ling		60%
	Supervisor	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Hsu, Chih-Ming	-	40%
		Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Han-Hsin	-	

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
Cheng Shin Rubber Industry Co. Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Lo, Tsai-Jen, Chen, Shiu-Hsiung, Lee, Chin-Chang	-	100%
	Supervisor	Cheng Shin Rubber Industry Co. Ltd. Representative: Lo, Yung-Li		
Cheng Shin-Toyo (Kunshan) Machinery Co., Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Shiu-Hsiung, Lo, Tsai-Jen, Lee, Chin-Chang	-	50%
	Supervisor	Cheng Shin Rubber Industry Co. Ltd. Representative: Lo, Yung-Li		
Cheng Shin (Qinzhou) Industry Ltd.	Director	Xiamen Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Hsiu-Hsiung	-	95%
MAXXIS Trading Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa	237,811,720	100%
MAXXIS Holdings (BVI) Co., Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa	237,811,720	100%
MAXXIS International (Thailand) Co., Ltd.	Director	MAXXIS Holdings (BVI) Co., Ltd. Representative: Chen, Yun-Hwa and Chen, Shiu-Hsiung	65,000,000	100%
Cheng Shin Rubber (Vietnam) IND. Co., Ltd.	Director	MAXXIS Holdings (BVI) Co., Ltd. Representative: Chen, Yun-Hwa, Liao, Cheng-Yao, Hu, Ming-Te	62,000,000	100%
MAXXIS International (HK) Ltd.	Director	MAXXIS International Co., Ltd. Representative: Chen, Hsiu-Hsiung	226,801,983	100%
Cheng Shin International (HK) Ltd.	Director	CST Trading Ltd. Representative: Chen, Yun-Hwa	246,767,840	100%
PT MAXXIS International Indonesia	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Chen, Shiu-Hsiung, Lee, Hung-Ko, Xie Zhengchang	139,994,750	99.99625%
	Supervisor	Cheng Shin Rubber Industry Co. Ltd. Representative: Liao, Cheng-Yao		

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
PT. MAXXIS TRADING INDONESIA	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Lee, Hung-Ko, Xie Zhengchang	9,990	99.9%
	Supervisor	Cheng Shin Rubber Industry Co. Ltd. Representative: Liao, Cheng-Yao		
Maxxis Rubber India Private Limited	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Chen, Shiu-Hsiung, Liao, Cheng-Yao, Zhu Cangzhi	874,992,906	99.99919%
Chen Shin (Xiamen) International Automobile Culture Center Co., Ltd.	Director	MAXXIS International (HK) Ltd. Representative: Chen, Shiu-Hsiung, Chen, Yun-Hwa, Lo, Min-Ling	-	100%
	Supervisor	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Han-Hsin		
Cheng Shin Logistics (Xiamen) Co. Ltd.	Director	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Hsiu-Hsiung	-	49%
		Xiamen Maxxis Trading Company Limited Representative: Hsu, Chih-Ming		
Cheng Shin Rubber (Chong Qing) Co., Ltd.	Supervisor	Hong Kong Daxiang Investment Co., Ltd. Representative: Chen, Han-Hsin	-	25.5%
		Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Ying-Kuang		
Kunshan Maxxis Tire Co., Ltd.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Lo, Tsai-Jen, Chen, Shiu-Hsiung, Lee, Chin-Chang	-	100%
		Cheng Shin Rubber Industry Co. Ltd. Representative: Lo, Yung-Li		
Kunshan Maxxis Tire Co., Ltd.	Supervisor	Cheng Shin Rubber Industry Co. Ltd. Representative: Lee, Chin-Chang	-	100%
		Cheng Shin Rubber Industry Co. Ltd. Representative: Chiang, Chih-Wei		

Enterprise name	Position	Full name or Representative	Number of Shares Held	
			Number of Shares	Percent holdings (%)
CST Properties (Xiamen) Co., Ltd.	Director	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Hsiu-Hsiung	-	100%
	Supervisor	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Han-Hsin	-	100%
CST Rubber (Zhangzhou) Ind. Co., Ltd.	Director	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Hsiu-Hsiung MAXXIS International (HK) Ltd. Representative: Chen, Yun-Hwa and Lo, Min-Ling	-	100%
	Supervisor	Cheng Shin Rubber (Xiamen) Ind., Ltd. Representative: Chen, Han-Hsin	-	100%
Maxxis Trading Company Limited	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Liao, Cheng-Yao, Chen, Shiu-Hsiung	10,000,000	100%
	Supervisor	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Han-Chi		
Maxxis Europe B.V.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Yun-Hwa, Ting, Tso-Lin	500,000	100%
MAXXIS RUBBER JAPAN CO., LTD.	Director	Cheng Shin Rubber Industry Co. Ltd. Representative: Chen, Shiu-Hsiung, Liao, Cheng-Yao, Qiu, Shijie	5,000	100%
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Representative	Cheng Shin Rubber Industry Co. Ltd. Representative: Qiu, Zheyi	-	100%

6. Operating Performance of the Affiliates:

Unit: Unit: NT\$ Thousand

Enterprise name	Amount of capital (Note 2)	Total value of assets	Total liabilities	Value	Operating income	Operating Profit (Loss)	Profit or Loss in the Current Period (After Tax)	Earnings per share (NT\$) (after Tax)
MAXXIS International Co., Ltd.	1,017,852	42,473,812	91	42,473,721	-	-274	1,365,320	38.95
CST Trading Ltd.	2,117,016	27,697,681	91	27,697,590	-	-231	1,874,660	25.72
Cheng Shin Rubber USA, Inc	498,240	4,667,977	2,346,224	2,321,753	8,548,721	-107,389	-92,588	-51.44
Cheng Shin Rubber Canada, Inc	32,834	830,429	183,274	647,155	923,540	-32,522	-28,268	-28.27
Cheng Shin (Qinzhou) Industry Ltd.	195,480	108,816	10,929	97,887	21,572	-2,068	-1,019	-
Cheng Shin Rubber Industry Co. Ltd.	7,769,109	28,713,765	3,210,449	25,503,316	18,499,686	1,410,504	1,731,427	-
Cheng Shin-Toyo (Kunshan) Machinery Co., Ltd.	295,075	336,734	34,648	302,086	182,853	15,323	12,943	-
Cheng Shin Rubber (Xiamen) Ind., Ltd.	5,419,157	30,269,734	6,010,761	24,258,973	18,544,376	203,908	987,372	-
Tianjin Tafeng Rubber Ind Co., Ltd.	641,875	668,997	8,310	660,687	212,131	-66,839	-50,206	-
Cheng Shin Tire (Xiamen) Co., Ltd	4,192,658	13,004,922	1,005,504	11,999,418	8,732,790	-761,251	-574,897	-
MAXXIS Trading Ltd.	6,906,052	9,287,424	91	9,287,333	-	-174	1,443,654	6.07
MAXXIS Holdings (BVI) Co., Ltd.	6,906,052	9,596,955	-	9,596,955	-	-82	1,443,846	6.07
Xiamen Cheng Shin Enterprise Co., Ltd.	1,582,436	9,245,526	690,190	8,555,336	4,477,066	530,077	631,295	-
MAXXIS Tech Center Europe B.V.	31,320	95,976	19,525	76,451	104,423	7,164	6,500	6.50
Cheng Shin Rubber (Vietnam)IND. Co., Ltd.	1,351,537	5,211,333	2,634,559	2,576,774	5,214,075	1,061,082	817,745	13.19
MAXXIS International (Thailand) Co., Ltd.	5,425,550	10,692,456	3,674,957	7,017,499	10,564,532	521,436	626,259	9.63
MAXXIS International (HK) Ltd.	6,586,330	34,619,064	-	34,619,064	-	-96	1,763,430	7.78
Cheng Shin International (HK) Ltd.	7,166,138	27,525,203	-	27,525,203	-	-89	1,878,903	7.61
Chen Shin (Xiamen) International Automobile Culture Center Co., Ltd.	579,479	666,175	666,175	-	2,726	-63,137	-96,856	-
Cheng Shin Logistics (Xiamen) Co. Ltd.	62,605	284,996	141,277	143,719	1,449,108	43,978	36,123	-
CST Rubber (Zhangzhou) Ind. Co., Ltd.	4,126,800	12,416,025	5,050,728	7,365,297	10,879,130	1,144,725	966,902	-
Cheng Shin Rubber (Chong Qing) Co., Ltd.	2,832,748	7,041,647	1,258,583	5,783,064	5,228,884	527,049	432,944	-

Enterprise name	Amount of capital (Note 2)	Total value of assets	Total liabilities	Value	Operating income	Operating Profit (Loss)	Profit or Loss in the Current Period (After Tax)	Earnings per share (NT\$) (after Tax)
CST Properties (Xiamen) Co., Ltd.	1,650,720	2,601,787	526,826	2,074,961	338,561	118,055	75,791	-
PT MAXXIS International Indonesia	3,461,853	9,820,825	9,685,029	135,796	1,708,706	-331,715	-534,571	-4
Maxxis Rubber India Private Limited	3,255,875	6,424,554	6,424,554	-	773,691	-621,569	-911,536	-1
Kunshan Maxxis Tire Co., Ltd.	21,720	122,314	74,542	47,772	363,846	5,148	5,253	-
Maxxis Trading Company Limited	100,000	1,130,105	586,920	543,185	4,379,430	417,870	335,772	34
PT. MAXXIS TRADING INDONESIA	26,417	58,286	15,693	42,593	136,752	15,913	11,824	1,182
Maxxis Europe B.V.	15,660	35,725	33,119	2,606	56,382	-7,120	-3,645	-7
MAXXIS RUBBER JAPAN CO., LTD.	12,025	12,094	792	11,302	129	-4,271	299	60
MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	2,832	3,756	311	3,445	6,066	1,829	1,551	-

Note 1. Assets and liabilities are denoted based on the translation rate at the end of the fiscal year.

(US\$1:NT\$27.68;EUR\$1:NT\$31.32;CAD\$1:NT\$21.62;RMB\$1:NT\$4.344;THB\$1:NT\$0.8347;VND\$1:NT\$0.0012;IDR\$1:NT\$0.00198; INR\$1:NT\$0.3721;JPY\$1:NT\$0.2405;MXN\$1:NT\$1.35307).

Profit and loss item is calculated using the weighted average exchange rate

(US\$1:NT\$28.0882;EUR\$1:NT\$33.15655;CAD\$1:NT\$22.35339;RMB\$1:NT\$4.34132;THB\$1:NT\$0.8823;VND\$1:NT\$0.00115;IDR\$1:NT\$0.00198;INR\$1:NT\$0.3786 5; JPY\$1:NT\$0.25539;MXN\$1:NT\$1.38111)

Note 2: Refers to Paid-in capital.

(II) Consolidated financial statements of affiliates

For 2021 (from January 1, 2021, to December 31, 2021), companies that are required to be included in the consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are identical to those that must be included in the consolidated financial statements of parent and subsidiaries under International Accounting Standard No. 10. Since matters that must be disclosed by consolidated financial statements of affiliates have been disclosed by consolidated financial statements of parent and subsidiaries, no consolidated financial statements of affiliates are separately prepared.

(III) Report for Affiliated Enterprises: In the absence of any presumed subordinate, no such report is prepared.

II. The Company's shares held or disposed of by subsidiaries in the most recent years as of the publication date of the Annual Report: None.

III. Subsidiary's holding or disposal of shares in the Company in most recent years and up to the date of publication of the Annual Report: None.

IV. Other Necessary Supplementary Statement: None.

V. Any event occurred in the most recent years as of the publication date of the report which has material impact on shareholders' rights and interests or the price of securities against Item 3 of Paragraph 2 under Article 36 of the Securities and Exchange Act: None.

Cheng Shin Rubber Industry Co. Ltd.



Chairman





MAXXIS

REASSURINGLY STRONG,
INCREDIBLY QUIET



RAZR AT
AT811

